Public Accounts
Volume 1
Consolidated Financial Statements

For the fiscal year ended March 31, 2009

The Honourable Graham Steele
Minister of Finance

PUBLIC ACCOUNTS
VOLUME 1
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED MARCH 31, 2009

THE HONOURABLE GRAHAM STEELE
MINISTER OF FINANCE

NOVA SCOTIA
Finance

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NOVA SCOTIA

Volume 1–Financial Statements
for the fiscal year ended March 31, 2009

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Message from the Minister

The Public Accounts for the year ended March 31, 2009 reported a surplus of $19.7 million.

Total revenues were $8.8 billion, $80.0 million lower than in 2008, mainly because of decrease in revenue from taxes as well as a decline in federal contributions.

Total expenses were $9.2 billion, $344.7 million more than in 2008 due to rising costs in health care, education, and universities.

As of March 31, 2009 the net direct debt was $12.3 billion, $208.7 million higher than the previous year. The increase is mainly attributed to a large net investment in tangible capital assets.

Nova Scotia's economy experienced an estimated 2.0 per cent growth in real GDP in 2008, up from a 1.7 per cent growth rate in the previous year. The increased growth rate was mostly driven by consumer and government spending in the first half of the fiscal year.

The March 31, 2009 financial statements are in accordance with generally accepted accounting principles, and have received an unqualified audit opinion from the Auditor General.

Hon. Graham Steele
Minister of Finance

Introduction

In accordance with the Provincial Finance Act, the Minister of Finance for the Province of Nova Scotia produces Public Accounts annually to report on the operating results and financial condition of the province. Volume 1 includes general purpose financial statements, meant to meet the needs of a variety of users. They are prepared on a consolidated basis, meaning that they include the financial information for the departments of government as well as Crown corporations, boards and other entities owned or controlled by the government.

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. For purposes of the province's financial statements, this means the accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA and International Federation of Accountants accounting standards or pronouncements.

The 2009 Public Accounts *Volume 1 - Financial Statements* commences with the Financial Statement Discussion and Analysis (FSD&A) section. The FSD&A is a reporting practice recommended by PSAB and responsibility for its preparation rests with the government. This section presents comparative Financial Highlights of the Consolidated Financial Statements including all the entities owned or controlled by the government, as well as financial highlights for the Consolidated Fund on its own. The FSD&A also includes an overview and highlights of provincial debt and the Nova Scotia economy. Responsibility for the integrity, objectivity and fair presentation of the FSD&A information rests with the government. The FSD&A is prepared on behalf of the Minister and Deputy Minister of Finance by the Controller in accordance with PSAB guidance.

The Consolidated Fund is the level at which the annual estimates are prepared in detail for approval by the government. Therefore, the selected highlights of the Consolidated Fund include more detailed information and budget-to-actual analysis on revenues, expenses, tangible capital assets, and additional appropriations. The Consolidated Fund is comprised of all departments and public service units of the Nova Scotia provincial government, but excludes other governmental units and government business enterprises owned or controlled by the province.

There are two additional publications in the Public Accounts suite of annual financial reports. *Volume 2 – Agencies and Funds* is a collection of financial statements of various agencies, boards, governmental units, government business enterprises, and trust funds. *Volume 3 – Supplementary Information* is produced in accordance with the Provincial Finance Act as a record of the payments made by the Consolidated Fund in the fiscal year for salaries, travel, grants, and expenses.

Financial Statement Discussion and Analysis

Financial Highlights of the Consolidated Financial Statements

These financial highlights are based on information from the Consolidated Financial Statements for 2009, as presented on pages 51-97 of this publication.

Consolidated Statement of Operations and Accumulated Deficits

The main purpose of the Consolidated Statement of Operations and Accumulated Deficits is to report the province's revenues and expenses for the year ended March 31, 2009 and the comparative fiscal year. Under generally accepted accounting principles (GAAP), a year-end surplus reduces accumulated deficits.

Provincial Surplus

The provincial surplus is the net financial result of the year's operations. In 2009, as shown below, total revenues were $9.2 billion and total expenses were $9.2 billion. The resulting provincial surplus was $19.7 million, which was $399.2 million lower than the year before and $170.0 million lower than the budget of $189.7 million. Surplus per capita decreased by $426 from $447 to $21. On a per capita basis, the province earned $90 less revenue and spent $336 more per person in the year.

Provincial Surplus ($ thousands)

	Estimate 2009	Actual 2009	Actual 2008	Actual vs Estimate	Actual vs Actual
Total Revenue	9,009,440	9,187,970	9,252,541	178,530	(64,571)
Total Expenses	(8,819,774)	(9,168,269)	(8,833,612)	(348,495)	(334,657)
Provincial Surplus	189,666	19,701	418,929	(169,965)	(399,228)
Per Capita $					
Total Revenue	9,605	9,795	9,885	190	(90)
Total Expenses	(9,403)	(9,774)	(9,438)	(371)	(336)
Surplus per Capita	202	21	447	(181)	(426)
Population (000's)	938	938	936		

Revenue

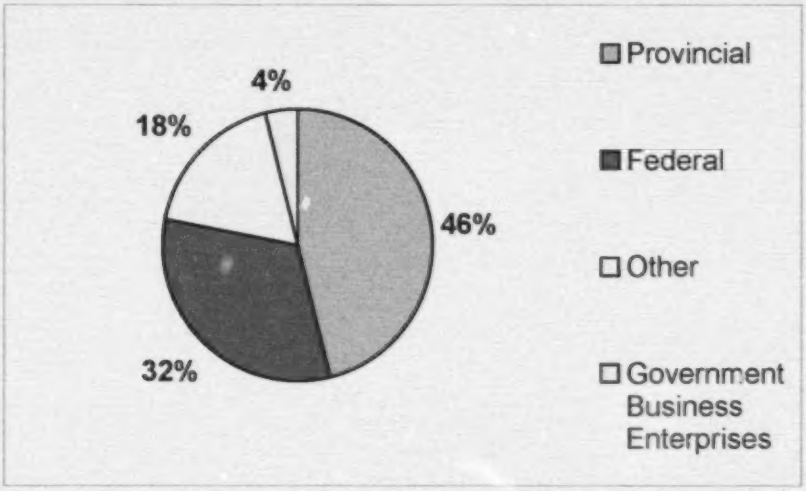
Revenue for the year was $178.5 million higher than the estimate and $64.6 million lower than the previous year. Change in revenue from taxes and federal contributions are attributable to the Consolidated Fund specifically. The remaining balance is earned from a variety of sources and controlled entities. More detailed information on Consolidated Fund revenue changes are provided in the analysis commencing on page 25 of this publication.

Revenue
($ thousands)

	Estimate 2009	Actual 2009	Actual 2008	Actual vs Estimate	Actual vs Actual
Income Taxes	2,244,555	2,170,891	2,167,869	(73,664)	3,022
Sales Taxes	1,536,080	1,580,929	1,484,380	44,849	96,549
Federal Equalization	1,464,935	1,464,935	1,464,528	—	407
Other Federal Contributions	1,587,428	1,499,146	1,583,452	(88,282)	(84,306)
Petroleum Royalties	513,775	451,795	399,679	(61,980)	52,116
Other	1,304,446	1,660,694	1,808,475	356,248	(147,781)
Total Revenue from Governmental Units	8,651,219	8,828,390	8,908,383	177,171	(79,993)
Net Income from Government Business Enterprises	358,221	359,580	344,158	1,359	15,422
Total Revenue	9,009,440	9,187,970	9,252,541	178,530	(64,571)

	Percentage of Total		Revenue per Capita ($)	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Income Taxes	24%	23%	2,314	2,316
Sales Taxes	17%	16%	1,685	1,586
Federal Equalization	16%	16%	1,562	1,564
Other Federal Contributions	16%	17%	1,598	1,692
Petroleum Royalties	5%	4%	482	427
Other	18%	20%	1,771	1,932
Total Revenue from Governmental Units	96%	96%	9,412	9,517
Net Income from Government Business Enterprises	4%	4%	383	368
Total Revenue	100%	100%	9,795	9,885
Population (000's)			938	936

Revenue by Source
2009



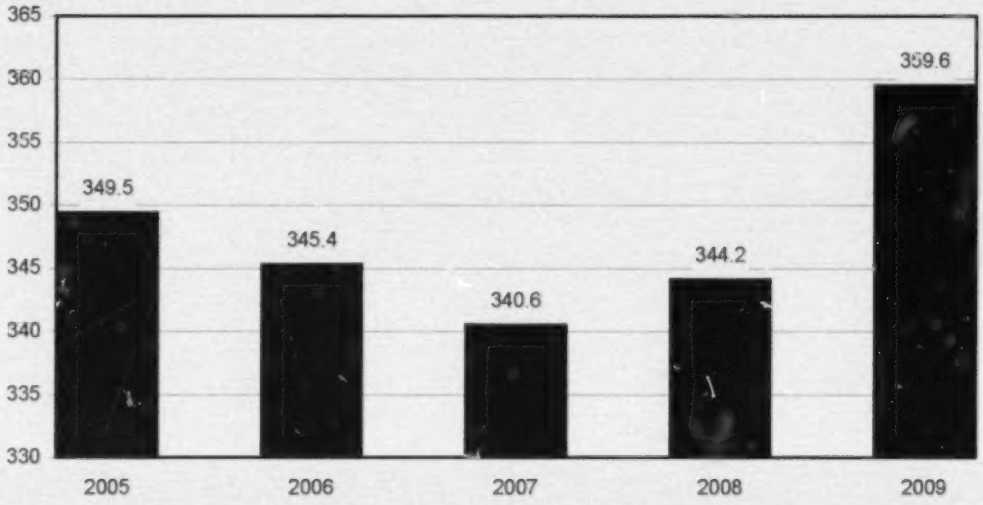
Government Business Enterprises

Net income from government business enterprises remained relatively consistent for fiscal years 2005 to 2008, as shown on the following page. In 2009, their combined net income increased by $15.4 million from the previous year, primarily due to a $13.9 million increase in net income of the Nova Scotia Liquor Corporation.

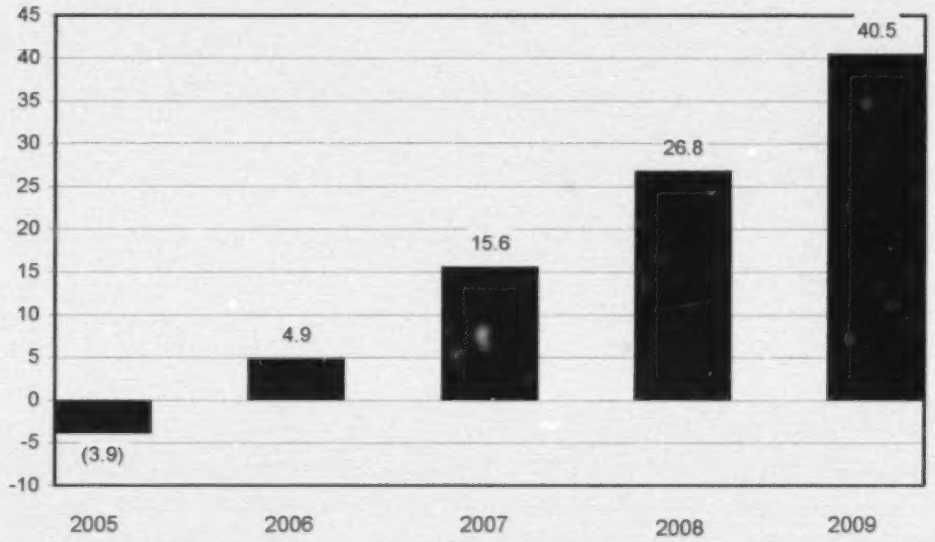
During the same five year period, the province's financial position for these entities has continually improved from a deficiency of $3.9 million to a net investment of $40.5 million. Net equity for the Halifax-Dartmouth Bridge Commission increased $28.0 million and net equity of Highway 104 Corporation increased $16.5 million.

More detailed information about government business enterprises is provided on Schedule 6 on page 71 of this publication.

Net Income from GBEs
2005 to 2009 ($ millions)



Investment (Deficiency) in GBEs
2005 to 2009 ($ millions)



Expenses

The sources of expenses have remained consistent with the prior year, with the health and education sectors making up 61 per cent of total expenses (60 per cent in 2008). Expenses have increased $334.7 million over the 2008 fiscal year. Health, and Education and Universities accounted for 82 per cent of the increase with a combined increase of $275.6 million. All other categories shared increases in expenses except debt servicing costs and pensions valuation adjustments, which showed decreases of $65.5 million and $22.4 million respectively.

Expenses
($ thousands)

	Estimate 2009	Actual 2009	Actual 2008	Actual vs Estimate	Actual vs Actual
Health and Health Promotion	3,397,500	3,459,852	3,296,455	62,352	163,397
Education and Universities	1,783,213	2,120,920	2,008,718	337,707	112,202
Service Nova Scotia and Municipal Relations	256,297	244,713	237,921	(11,584)	6,792
Community Services	947,445	906,088	892,272	(41,357)	13,816
Transportation and Infrastructure Renewal	351,703	381,585	364,642	29,882	16,943
Justice	262,177	261,639	235,881	(538)	25,758
Debt Servicing Costs	904,522	888,160	953,698	(16,362)	(65,538)
Pension Valuation Adjustments	67,590	85,066	107,504	17,476	(22,438)
Other Expenses	849,327	820,246	736,521	(29,081)	83,725
Total Expenses	8,819,774	9,168,269	8,833,612	348,495	334,657

	Percentage of total		Expenses Per Capita ($)	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Health and Health Promotion	38%	37%	3,688	3,522
Education and Universities	23%	23%	2,261	2,146
Service Nova Scotia and Municipal Relations	2%	3%	261	254
Community Services	10%	10%	966	953
Transportation and Infrastructure Renewal	4%	4%	407	390
Justice	3%	3%	279	252
Debt Servicing Costs	10%	11%	947	1,019
Pension Valuation Adjustments	1%	1%	91	115
Other Expenses	9%	8%	874	787
Total Expenses	100%	100%	9,774	9,438
Population (000's)			938	936

Presentation of Estimates

The original Estimates reflect the consolidated results in a format that facilitates departmental management of revenue and expense transactions of the Consolidated Fund, as well as the debate and appropriations process thereon in the House of Assembly.

In order to present comparative Estimates on the Consolidated Statement of Operations and Accumulated Deficits, as well as in the preceding pages of variance analyses, the original Estimates have been restated to a comparative line by line consolidation basis. The following table illustrates how this is a reallocation of the Consolidation and Accounting Adjustments balances to gross up the related revenue and expense lines. Note that the change in presentation causes no impact on the provincial surplus because it is already stated in accordance with generally accepted accounting principles.

As per Note 1 on page 82, when consolidating the government controlled entities into these financial statements, the province adjusts the entities' accounting policies to be consistent with its own so the amounts can be added together on a consistent basis. Also, the significant inter-entity transactions are eliminated. For example, grants expense recorded in departmental expenses is eliminated with the corresponding grants revenue in the related entity. This transfer between the two related entities does not increase or decrease the assets of the province on a consolidated basis. After eliminations have been adjusted, the remaining revenues and expenses represent transactions with outside entities, not controlled by the province. Only transactions with these outside entities represent the increase and decrease in the province's financial position.

Budgetary Summary – Estimates Only

Reconciliation to Consolidated Financial Statements Format
For the year ended March 31, 2009 ($ thousands)

Revenue	**Estimates**	**Adjustments**	**Public Accounts**
Ordinary Revenue - Provincial Sources	4,761,385	(40,741)	4,720,644
Ordinary Revenue - Federal Sources	2,714,652	135,896	2,850,548
Fees and Other Charges	60,834	—	60,834
Ordinary Recoveries	456,375	(87,543)	368,832
Other Revenue	—	535,961	535,961
Sinking Fund & Public Debt Retirement Earnings	114,400	—	114,400
Total Revenue	8,107,646	543,573	8,651,219
Expenses			
Agriculture	59,563	—	59,563
Community Services	912,570	34,875	947,445
Economic and Rural Development	91,645	18,851	110,496
Education	1,261,744	290,958	1,552,702
Assistance to Universities	230,511	—	230,511
Energy	21,817	2,825	24,642
Environment	44,607	—	44,607
Finance	29,871	21,605	51,476
Fisheries and Aquaculture	7,463	280	7,743
Health	3,205,939	136,365	3,342,304
Health Promotion and Protection	87,526	(32,330)	55,196
Justice	262,244	(67)	262,177
Labour and Workforce Development	62,443	—	62,443
Natural Resources	84,638	3,182	87,820
Public Service	156,350	5,257	161,607
Seniors	2,127	—	2,127
Service Nova Scotia and Municipal Relations	254,539	1,758	256,297
Tourism, Culture and Heritage	56,727	2,386	59,113
Transportation and Infrastructure Renewal	350,875	828	351,703
Restructuring Costs	177,690	—	177,690
Pension Valuation Adjustment	—	67,590	67,590
Loss (Gain) on Disposal of Crown Assets	—	—	—
Program Expenses	7,360,889	554,363	7,915,252
Pension Valuations Adjustment	67,590	(67,590)	—
Debt Servicing Costs	904,522	—	904,522
Total Expenses	8,333,001	486,773	8,819,774
Deficit from Government Units	(225,355)	56,800	(168,555)
Consolidation & Accounting Adjustments			
Consolidated Fund Consolidation Adjustments	54,499	(54,499)	—
Health and Hospital Boards Operations	—	—	—
School Board Operations	(2,000)	2,000	—
Special Purpose Funds	385	(385)	—
Other Organizations	3,916	(3,916)	—
	56,800	(56,800)	—
Net Income from GBEs	358,221	—	358,221
Provincial Surplus	189,666	—	189,666

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position reports the balances of financial assets, liabilities, and non-financial assets. It discloses the balances of net direct debt as a key measure of the province's financial position and accumulated deficits as a secondary measure.

Net Direct Debt

Net direct debt is the difference between the province's liabilities and financial assets. It represents the amount of liabilities to be funded from future revenues and taxation. Net direct debt is increased by operating losses and investment in tangible capital assets or other non-financial assets. It is decreased by an operating surplus or decreases in net tangible capital assets and other non-financial assets.

As at March 31, 2009, net direct debt was $12.3 billion, $208.7 million higher than the prior year. A large net investment in tangible capital assets increased net direct debt, and was only partially offset by a small surplus.

Accumulated Deficits

The accumulated deficits represent the difference between the province's liabilities and both the financial and non-financial assets. Further, it is the sum of all surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficits of $8.2 billion at the end of 2009 were reduced by $19.7 million from the end of 2008.

Net Direct Debt and Accumulated Deficits
($ thousands)

	Actual 2009	Actual 2008	Variance Increase (Decrease)
Financial Assets	3,259,443	2,962,209	297,234
Less: Liabilities	(15,582,951)	(15,076,972)	(505,979)
Net Direct Debt	(12,323,508)	(12,114,763)	(208,745)
Non-Financial Assets	4,156,376	3,927,930	228,446
Accumulated Deficits	(8,167,132)	(8,186,833)	19,701

Net direct debt per capita increased by $195 from $12,943 in 2008 to $13,138 in 2009. Net direct debt expressed as a percentage of gross domestic product (GDP) has decreased 1 percentage point from 37 per cent in 2008 to 36 per cent in 2009. The increase in GDP was offset by the increase in net direct debt.

The surplus allowed a reduction in accumulated deficits of $40 per capita. Accumulated deficits expressed as a percentage of gross domestic product (GDP) have decreased 1 percentage point from 25 per cent in 2008 to 24 per cent in 2009 due to favorable increases in both factors.

Per Capita $

Net Direct Debt and Accumulated Deficits

	Actual 2009	Actual 2008	Variance Increase (Decrease)
Per Capita $			
Net Direct Debt per capita	(13,138)	(12,943)	195
Accumulated Deficits per capita	(8,707)	(8,747)	(40)
Population (000's)	938	936	
Gross Domestic Product			
Net Direct Debt vs GDP	36%	37%	
Accumulated Deficits vs GDP	24%	25%	
GDP at market prices (000s)	34,209,000	33,010,000	

Financial Assets

Financial Assets consist of assets available to discharge existing liabilities or to finance future operations. Financial assets increased $297.2 million from the previous year. Cash and short-term investments increased by $364.6 million due to proceeds of long term borrowing held for short-term liquidity. Accounts Receivable was lower because the $234.4 million due from the federal government for Crown Share settlement was received in 2009.

Loans receivable increased by $165.5 million over the previous year. The largest single increase of $136.0 million was due to the assumption of direct lending for the province's student loan programs. Housing Development Corporation's loan portfolio increased by $51.0 million, primarily due to infrastructure loans to long-term care providers. Additional lending by the Industrial Expansion Fund also increased loans receivable by $17.1 million.

Financial Assets
($ thousands)

	Actual 2009	Percentage of total	Actual 2008	Percentage of total	Variance Increase (Decrease)
Cash and Short-term Investments	974,592	30%	609,998	21%	364,594
Accounts Receivable and Advances	893,462	27%	1,137,782	38%	(244,320)
Loans Receivable	1,304,299	40%	1,138,779	38%	165,520
Other Financial Assets	87,090	3%	75,650	3%	11,440
Total Financial Assets	3,259,443	100%	2,962,209	100%	297,234

Liabilities

Liabilities, consisting of debts or monetary obligations owing at March 31 to be paid in the future with cash or other assets, increased by $506.0 million over the previous year. Unmatured debt increased by $932.5 million over the previous year, due primarily to $950.0 million of borrowings by the Consolidated Fund to fund the various loans receivable expansions in the year and to repay bank advances used for short-term liquidity. Pension, retirement and other obligations increased by $167.2 million based on valuations including updated member data and actuarial assumptions. To offset these increases, bank advances were reduced by $477.0 million with proceeds of long-term debt and deferred revenue was drawn down by $135.9 million.

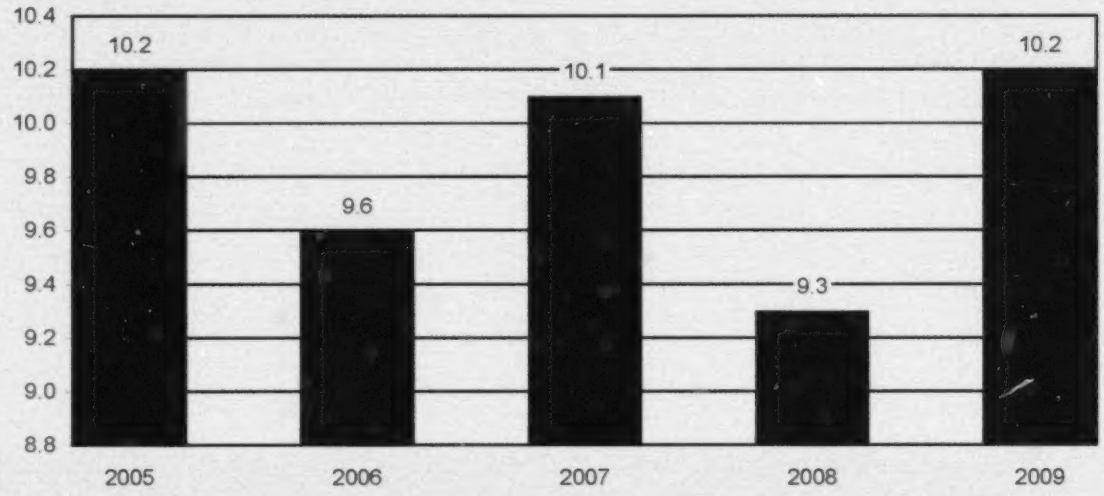
There are some significant amounts of restricted inflows recorded as deferred revenue until purpose restrictions are met. The 2009 decrease of $135.9 million was primarily due to the recognition of $105.9 million from the Offshore Accord, $29.9 million for C-48 federal trusts and $17.1 million for Wait Times Reduction Fund offset by deferrals of $25.9 million for C-41 Community Development Trust and $16.9 million Nova Scotia Gas Tax Agreement. See Note 4 on page 86 for more details on deferred revenue.

Liabilities
($ thousands)

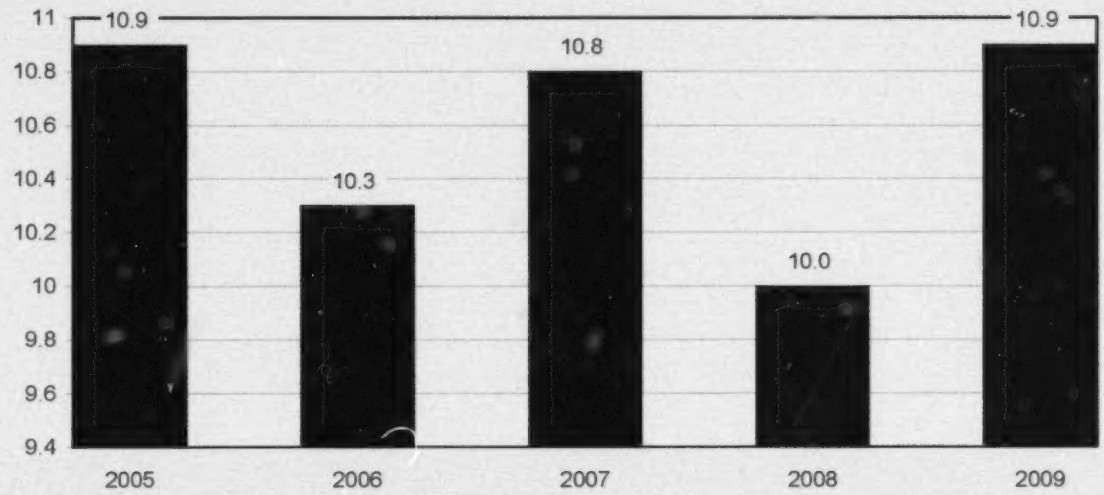
	Actual 2009	Percentage of total	Actual 2008	Percentage of total	Actual vs Actual Increase (Decrease)
Bank Advances and Short-term Borrowings	613,866	4%	1,090,870	7%	(477,004)
Accounts Payable and Accrued Liabilities	1,526,213	10%	1,531,799	10%	(5,586)
Deferred Revenue	918,366	6%	1,054,282	7%	(135,916)
Unmatured Debt of Governmental Units	10,224,796	66%	9,292,334	62%	932,462
Federal Equalization Repayable Loan	84,225	1%	96,258	1%	(12,033)
Pension, Retirement and Other Obligations	1,787,948	11%	1,620,705	11%	167,243
Other Liabilities	427,537	2%	390,724	2%	36,813
Total Liabilities	15,582,951	100%	15,076,972	100%	505,979

Unmatured debt consists primarily of borrowings of the Consolidated Fund.

Unmatured Debt
2005 to 2009 ($ billions)



Unmatured Debt per Capita
2005 to 2009 ($ thousands)



Non-Financial Assets

Non-financial assets are a component of the province's financial position, and are assets to be used during the provision of services in the future. Non-financial assets consist primarily of tangible capital assets but also include supplies inventories and prepaid expenses.

Non-Financial Assets
($ thousands)

	Actual 2009	Percentage of total	Actual 2008	Percentage of total	Actual vs Actual Increase (Decrease)
Tangible Capital Assets	4,069,592	98%	3,850,387	98%	219,205
Inventories of Supplies	56,499	1%	51,898	1%	4,601
Prepaid Expenses	30,285	1%	25,645	1%	4,640
Total Non-Financial Assets	4,156,376	100%	3,927,930	100%	228,446

Tangible Capital Assets

The net book value (cost less accumulated amortization) of tangible capital assets is a major asset to the province, totaling $4.1 billion at the end of 2009 ($3.9 billion in 2008). The Buildings and Land Improvements asset class includes a large portion of capital assets pertaining to provincially owned buildings, schools, and hospitals, as well as a significant number of leased schools and the correctional forensic facility.

Tangible Capital Assets (Net Book Value)
($ thousands)

	Actual 2009	Percentage of total	Actual 2008	Percentage of total	Actual vs Actual Increase (Decrease)
Land	616,025	15%	602,853	16%	13,172
Buildings and Land Improvements	2,296,792	56%	2,216,540	58%	80,252
Roads, Bridges and Highways	796,354	20%	682,221	17%	114,133
Machinery, Computers and Equipment	321,419	8%	304,061	8%	17,358
Vehicles and Ferries	39,002	1%	44,712	1%	(5,710)
Total Tangible Capital Assets	4,069,592	100%	3,850,387	100%	219,205

As shown on Schedule 7, page 74, current year acquisitions totaled $503.3 million ($437.1 million in 2008). Additions to the Buildings and Land Improvements category totaled $192.0 million ($171.7 million in 2008), of which $70.0 million belongs to district health authorities and $63.4 million was school construction, $15.2 million was courthouse construction and $8.6 million was Phase 2 of Nova Scotia Community College Waterfront Campus. Total investment in Roads, Bridges and Highways was $202.3 million ($144.0 million in 2008). In the year, additions to Machinery, Computers and Equipment were $90.6 million ($88.7 million in 2008) of which $42.2 million is attributable to district health authorities and $44.3 million to the Consolidated Fund.

Tangible Capital Assets (Gross Cost)

Acquisitions by Category
($ thousands)

	Actual 2009	Actual 2008	Actual 2007	Actual 2006
Land	13,237	17,513	42,447	10,102
Buildings and Land Improvements	191,951	171,729	165,355	145,585
Roads, Bridges and Highways	202,304	143,966	214,310	147,215
Machinery, Computers and Equipment	90,625	88,686	109,587	84,661
Vehicles and Ferries	5,196	15,209	16,540	12,333
Total Tangible Capital Assets	503,313	437,103	548,239	399,896

Every category shows a net book value increase in each of the past five years due to investment in tangible capital assets at a rate that exceeds amortization and disposals.

Tangible Capital Assets (Net Book Value)

($ thousands)

	Actual 2009	Actual 2008	Actual 2007	Actual 2006	Actual 2005
Land	616,025	602,853	588,120	545,986	538,975
Buildings and Land Improvements	2,296,792	2,216,540	2,155,242	2,094,899	2,052,491
Roads, Bridges and Highways	796,354	682,221	611,784	458,391	355,860
Machinery, Computers and Equipment	321,419	304,061	293,703	255,492	240,260
Vehicles and Ferries	39,002	44,712	39,268	32,550	29,715
Total Tangible Capital Assets	4,069,592	3,850,387	3,688,117	3,387,318	3,217,301

Consolidated Statement of Net Direct Debt

Details of the changes in net direct debt that are reported on Statement 3, page 59 include the surplus for the year as well as changes in non-financial assets. In 2009, net direct debt increased by $208.7 million. The $19.7 million provincial surplus was more than offset by the $219.2 million net investment in tangible capital assets. Other small changes impacting the balance of net direct debt were the increase of $4.6 million in supplies inventory and the increase of $4.6 million in prepaid expenses.

Consolidated Statement of Cash Flow

The province records its transactions on an accrual basis in accordance with generally accepted accounting principles (GAAP), the timing of which may vary from when actual cash is paid or received. Statement 4 on page 60 details the increase or decrease in the province's net cash position in terms of sources and uses of cash identified within the following activities: operating, investing, capital, and financing.

During 2009, the province's cash position increased by $364.6 million. Cash inflows were generated as $1.5 billion of debt was issued. These inflows were offset by $390.6 million of debt repayment and $503.3 million in gross acquisitions of tangible capital assets during the current year.

Cash Flow by Category
($ thousands)

	Actual 2009	Actual 2008	Variance Increase (Decrease)
Operating	(24,385)	835,491	(859,876)
Investing	(164,002)	(31,619)	(132,383)
Capital	(502,037)	(434,130)	(67,907)
Financing	1,055,018	(632,834)	1,687,852
Net Inflows (Outflows)	364,594	(263,092)	627,686

Risk

The province is subject to various forms of risk inherent in the nature of certain financial statement elements and financial markets. Exposure to risk from the use of accounting and other estimates in recording certain transactions is discussed in Note 1(d) of the consolidated financial statements. Financial risks, including foreign currency risk and interest rate risk, are discussed on page 41 in the section called Debt Review of the Consolidated Fund.

Selected Highlights of the Consolidated Fund

Budgetary Summary
($ thousands)

	Estimate 2009	Actual 2009	Actual 2008
Consolidated Fund*			
Ordinary Revenue	7,476,037	7,497,663	7,541,393
Fees and Other Charges	60,834	61,980	56,410
Ordinary Recoveries	456,375	458,755	468,585
Sinking Fund Earnings	114,400	116,384	112,834
	8,107,646	8,134,782	8,179,222
Less: Departmental Expenses	7,360,889	7,568,688	7,100,620
Pension Valuation Adjustment	67,590	85,066	107,504
Debt Servicing Costs	904,522	867,338	924,889
	8,333,001	8,521,092	8,133,013
	(225,355)	(386,310)	46,209
Consolidation and Accounting Adjustments for the Consolidated Fund and Government Units			
Consolidated Fund Consolidation Adjustments	54,499	2,861,482	2,789,900
Health and Hospital Boards Operations	—	(1,685,801)	(1,711,976)
School Board Operations	(2,000)	(999,952)	(940,677)
Special Purpose Funds	385	200	10,584
Other Organizations	3,916	(129,498)	(119,269)
	56,800	46,431	28,562
Net Income from Government Business Enterprises			
Nova Scotia Gaming Corporation	136,200	133,394	134,198
Nova Scotia Liquor Corporation	210,021	212,613	198,671
Other Enterprises	12,000	13,573	11,289
	358,221	359,580	344,158
Provincial Surplus	189,666	19,701	418,929

*The Consolidated Fund is comprised of all departments and public service units of the Nova Scotia provincial government, but excludes other governmental units and government business enterprises owned or controlled by the province.

Revenues – Consolidated Fund

In total, revenue for fiscal 2009 was higher than estimate by $27.1 million or 0.3 per cent but was $44.4 million or 0.5 per cent lower than the prior year's actual revenues. The table below shows the current and prior year actuals, the current year estimate, and the current year actual variances from estimate and actual. The analysis that follows this chart includes explanations, by revenue source, for the most significant variances.

Revenues
($ thousands)

	Estimate 2009	Actual 2009	Actual 2008	Actual vs Estimate Increase (Decrease)	Actual vs Actual Increase (Decrease)
Provincial Sources					
Personal Income Tax	1,828,653	1,818,415	1,778,395	(10,238)	40,020
Corporate Income Tax	415,902	352,476	389,473	(63,426)	(36,997)
Harmonized Sales Tax	1,151,027	1,174,966	1,074,875	23,939	100,091
Tobacco Tax	138,127	147,654	145,573	9,527	2,081
Motive Fuel Taxes	246,926	243,379	249,189	(3,547)	(5,810)
Interest Revenues	81,823	84,780	87,900	2,957	(3,120)
Registry of Motor Vehicles	98,122	112,594	99,107	14,472	13,487
Petroleum Royalties	513,775	451,795	399,679	(61,980)	52,116
Offshore Licenses Forfeitures	—	2,063	107,059	2,063	(104,996)
Other Provincial Sources	284,338	290,596	303,994	6,258	(13,398)
TCA Cost Shared Revenue	2,692	2,999	4,461	307	(1,462)
Prior Years' Adjustments - Provincial Sources	—	53,904	85,779	53,904	(31,875)
Fees and Other Charges	60,834	61,980	56,410	1,146	5,570
Ordinary Recoveries - Provincial Sources	254,560	274,032	261,443	19,472	12,589
Sinking Fund Earnings	114,400	116,384	112,834	1,984	3,550
Total Provincial Sources	5,191,179	5,188,017	5,156,171	(3,162)	31,846
Federal Sources					
Equalization Payments	1,464,935	1,464,935	1,464,528	—	407
Canada Health Transfer	664,185	668,683	638,954	4,498	29,729
Canada Social Transfer	296,869	297,114	280,413	245	16,701
Crown Share	—	95,114	234,400	95,114	(139,286)
Offshore Accord	105,884	105,884	68,238	—	37,646
Other Federal Sources	57,085	50,411	40,134	(6,674)	10,277
C48 Infrastructure Trust Funds	38,767	29,913	43,090	(8,854)	(13,177)
C52 Trust Funds	24,547	5,992	2,669	(18,555)	3,323
TCA Cost Shared Revenue	62,380	36,366	31,206	(26,014)	5,160
Prior Years' Adjustments - Federal Sources	—	7,630	12,277	7,630	(4,647)
Ordinary Recoveries - Federal Sources	201,815	184,723	207,142	(17,092)	(22,419)
Total Federal Sources	2,916,467	2,946,765	3,023,051	30,298	(76,286)
Total Revenues	8,107,646	8,134,782	8,179,222	27,136	(44,440)

Variance Analysis — Actual Compared With Estimate

Personal Income Tax

Personal Income Tax (PIT) revenue is down by $10.2 million or 0.6 per cent from estimate due to a decline in Nova Scotia's yield of national personal taxable income resulting from the higher cost of personal income tax credits.

Corporate Income Taxes

Corporate Income Tax (CIT) revenue is down by $63.4 million or 15.3 per cent from estimate due to the contraction of national corporate taxable income. Corporate profits weakened considerably during the latter part of the fiscal year as a result of the global financial crisis and economic downturn.

Harmonized Sales Tax

Harmonized Sales Tax (HST) revenue was $23.9 million or 2.1 per cent higher than estimate as a result of strong consumer expenditure growth in the 2008 calendar year, offset by higher than anticipated rebates provided under Your Energy Rebate Program.

Tobacco Tax

Tobacco Tax revenues were $9.5 million or 6.9 per cent higher than estimate as consumption of legal tobacco products increased and efforts aimed at reducing the prevalence of illegal tobacco products appeared to be effective. The increased consumption is partially offset by increasing prices and cessation strategies.

Motive Fuel Taxes

Motive fuel tax revenues were $3.5 million or 1.4 per cent below estimate as consumption of both gasoline and diesel oil declined. The moderation of gas prices experienced since the summer of 2008 had a positive impact on consumption trends.

Interest Revenues

Interest revenues were $3.0 million or 3.6 per cent higher than estimate based upon higher revenues on short term investments, partially offset by lower interest recoveries by Nova Scotia Business Inc.

Registry of Motor Vehicles

Registry of Motor Vehicles revenue was up by $14.5 million or 14.7 per cent due to increases in both passenger and commercial vehicle registrations.

Petroleum Royalties

Offshore petroleum royalties were $62.0 million or 12.1 per cent below estimate due to declining prices for natural gas that fell sharply in the summer of 2008 and did not recover. The appreciation of the Canadian dollar relative to the U.S. dollar also contributed to the decline in revenues as contracts for the natural gas are denominated in U.S. dollars.

Offshore Licenses Forfeitures

License holders forfeited $2.1 million in exploration licenses in the year. Forfeiture is not unusual given the unpredictable nature of the offshore industry. The province's accounting recognition policy is to record forfeiture revenue when a notice of forfeiture is given. Forfeitures are not budgeted because they cannot reasonably be predicted.

Other Provincial Revenues

Other Provincial Revenues were $6.3 million or 2.2 per cent higher than estimate. Large Corporation Capital Tax was down by $12.2 million as the base upon which the tax is applied declined. The settlement of a legal dispute with tobacco manufacturers provided an additional $5.4 million in revenues that was not budgeted. Pharmacare premiums were up by $3.0 million and Tax on Insurance Premiums increased by $2.5 million.

Prior Year Adjustments — Provincial Sources

Prior year adjustments of $53.9 million reflect updated federal information on unapplied personal income tax for prior tax years, and increases in forecasted tax yields for both personal and corporate income tax. Revisions to HST forecasts for open years also contributed positively. The increases were offset by downward revisions to Large Corporations Tax and offshore royalty revenue forecasts for prior years.

Fees and Other Charges

Fees and Other Charges were $1.1 million or 1.9 per cent higher than estimate. The major sources of variance were increased foreign student fees accounting for $0.4 million, and Emergency Health Services (EHS) user fees were also up by $0.4 million.

Ordinary Recoveries — Provincial Sources

Ordinary Recoveries — Provincial Sources were $19.5 million or 7.6 per cent more than estimate. Department of Justice recoveries related to the provision of RCMP officers and French-language court services in the province were up by $1.5 million, $5.0 million is attributable to increased reciprocal billing charges recovered from other provinces for health care provided to out-of-province residents, and an additional $3.8 million is due to increases in recoveries for highway projects by the Department of Transportation and Infrastructure Renewal.

Crown Share

Resolution of the federal government's statutory obligation to pay Nova Scotia its portion of Crown Share Revenues for offshore projects resulted in a payment of $95.1 million for the 2009 fiscal year. At the time the estimate was prepared the Crown Share Adjustment Expert Panel had not delivered their report, and given the uncertainty concerning a projected payment, it was not budgeted.

Other Federal Sources

Other federal sources of revenue were $6.7 million or 11.7 per cent lower than estimate. Draw downs for Medical Equipment Funding and a Community Development Trust were less than budgeted and are offset by equal decreases in expenditures in these areas. An unbudgeted amount of $5.0 million was received for geological research examining the potential for carbon storage in Nova Scotia.

C-48 Infrastructure Trust Funds

Bill C-48 Infrastructure Trust revenues are $8.9 million or 22.8 per cent lower than estimate. The province draws down revenue from the federal trusts to match provincial spending commitments in the four areas covered by the trust funds. Planned expenditures, particularly in the area of Affordable Housing were not made resulting in a corresponding decrease in revenues drawn down.

C-52 Trust Funds

Bill C-52 Trust revenues are $18.6 million or 75.6 per cent lower than estimate. The province draws down revenue from the federal trusts to match provincial spending commitments in the three areas covered by the trust funds. Planned expenditures, particularly in the area of Clean Air and Climate Change were not made resulting in a corresponding decrease in revenues drawn down.

TCA Cost Shared Revenue — Federal Sources

Federal TCA cost shared revenue was $26.0 million or 41.7 per cent below estimate. This was primarily due to lower contributions to Tangible Capital Assets from the federal government under the Build Canada Agreement and deferral of Health projects until the subsequent fiscal year.

Prior Year Adjustments — Federal Sources

Prior year adjustments of $7.6 million were the result of updated federal estimates of the province's share of Basic Federal Tax, Corporate Tax, and population used in the calculation of the Canada Health Transfer (CHT) and Canada Social Transfer (CST) for open years.

Ordinary Recoveries — Federal Sources

Ordinary Recoveries – Federal Sources were $17.1 million or 8.5 per cent less than estimate primarily due to projected work not being completed by year end under the Municipal Rural Infrastructure and Building Canada funding arrangements with the federal government.

Variance Analysis — Actual Compared With Prior Year Actual

Personal Income Tax

Personal Income Tax (PIT) revenue was $40.0 million or 2.3 per cent higher than the prior year as a result of year-over-year growth in national personal taxable income combined with an increase in the province's yield.

Corporate Income Taxes

Corporate Income Tax (CIT) revenue was $37.0 million or 9.5 per cent lower than the prior year due to a decrease in the province's allocation of Offshore Corporate Income Tax and declining national corporate taxable income and provincial corporate profits.

Harmonized Sales Taxes

Harmonized Sales Tax (HST) revenue was $100.1 million or 9.3 per cent higher than the prior year. Significant growth in the Consumer Expenditure base and the removal of basic electricity from Your Energy Rebate Program contributed to the higher revenues.

Tobacco Tax

Tobacco Tax revenue was $2.1 million or 1.4 per cent higher than the prior year as consumption of legal tobacco products increased.

Motive Fuel Taxes

Motive Fuel Tax revenue was $5.8 million or 2.3 per cent lower than the prior year primarily as a result of higher prices for gasoline in early 2008 and a decline in diesel oil consumption related to the economic downturn.

Interest Revenues

Interest revenues were $3.1 million or 3.5 per cent lower than the prior year due to declining interest rates on short term paper, reduced borrowing requirements, and lower interest recoveries by Nova Scotia Business Inc.

Registry of Motor Vehicles

Registry of Motor Vehicles revenue was up by $13.5 million or 13.6 per cent due to increases in both passenger and commercial vehicle registrations.

Petroleum Royalties

Offshore petroleum royalties were $52.1 million or 13.0 per cent higher than prior year due to high prices for natural gas in the first half of calendar year 2008 and increased production volumes. Achievement of pre-determined return thresholds by producers has resulted in increased royalty rates.

Offshore Licenses Forfeitures

Revenue from forfeitures of offshore exploration licenses declined $105.0 million or 98.1 per cent over the prior year. Forfeitures are not predictable from year to year.

Other Provincial Revenues

Other Provincial Revenues were $13.4 million or 4.4 per cent lower than the prior year primarily due to the scheduled phase out of the Large Corporations Tax.

TCA Cost Shared Revenue — Provincial Sources

Provincial sources of TCA cost shared revenue were $1.5 million or 32.8 per cent less than the prior year primarily as a result of the completion of school projects in 2008 and a non-recurring insurance claim recovery.

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Prior Year Adjustments — Provincial Sources

Prior year adjustments (PYA) revenue was $31.9 million or 37.2 per cent lower than the prior year. Personal Income Tax and the Large Corporations Tax contributed $22.4 million and $17.2 million respectively to this decrease. This was offset by a $6.2 million increase in PYA revenue for offshore petroleum royalties.

Fees and Other Charges

Fees and Other Charges were $5.6 million or 9.9 per cent higher than the prior year as a result of fees being increased at the same rate as growth in the provincial Consumer Price Index and accounting adjustments in the Department of Health.

Ordinary Recoveries — Provincial Sources

Ordinary Recoveries from Provincial Sources were $12.6 million or 4.8 per cent higher than the prior year. Offsetting an increase in recoveries when Assessment Services devolved from the province are increases in a number of other recoveries. The more significant increases include municipal share of additional police officer costs, profits of the Nova Scotia Housing Development Corporation, gain on refinancing a capital lease and educational program cost sharing.

Equalization

Equalization is essentially unchanged from the prior year as increased offshore royalties from more recent years were brought into the Equalization formula and offset any gains in funding.

Canada Health Transfer

The Canada Health Transfer (CHT) increased $29.7 million or 4.7 per cent due to a federally legislated 6 per cent increase in the cash transfers, offset by the province's declining share of the national population and relative share of income taxes used as factors in the CHT formula.

Canada Social Transfer

Revenue from the Canada Social Transfer (CST) grew by $16.7 million or 6.0 per cent compared to the prior year. The growth in the national cash pool for CST was partially offset by a declining share of the national population.

Crown Share

Crown Share Adjustment Payments revenue declined by $139.3 million or 59.4 per cent compared to the prior year. A payment of $234.4 million was recognized in the prior year for the province's portion of the federal Crown Share revenue for the period ending March 31, 2008 and covered several years of entitlement. The current year's revenue includes just one year of entitlement.

Offshore Accord

Offshore Accord revenue increased $37.6 million or 55.2 per cent compared to the prior year. This reflects more recent offshore royalty revenues being included in the Equalization formula and a corresponding decline in Equalization entitlements.

Other Federal Sources

Other Federal Source revenues increased by $10.3 million or 25.6 per cent from the prior year due to funding made available for Community Development, the recruitment of police officers, public transit infrastructure, and carbon storage. This is partially offset by the decline in Wait Times Reduction funding under the 10-Year Plan to Strengthen Health Care.

C-48 Infrastructure Trust Funds

Bill C-48 Infrastructure Trust revenues were $13.2 million or 30.6 per cent lower than the prior year. The province draws down revenue from the federal trusts to correspond with spending in the four areas covered by the trust funds. Reduced spending occurred in the year as the draw down for Post Secondary Education Infrastructure was completed last year.

C-52 Trust Funds

Bill C-52 Trust revenues were $3.3 million or 124.5 per cent higher than the prior year. The province draws down revenue from the federal trusts to correspond with spending in the three areas covered by the trust funds.

TCA Cost Shared Revenue — Federal Sources

Federal TCA cost shared revenue exceeded the prior year level by $5.2 million or 16.5 per cent primarily as a result of federal contributions for the development of an electronic health records system.

Prior Year Adjustments — Federal Sources

Prior year adjustments were $4.6 million or 37.9 per cent lower than the prior year as a result of updated federal estimates of the province's share of Basic Federal Tax and Corporate Tax used in the calculation of the Canada Health Transfer (CHT) and Canada Social Transfer (CST) for open years.

Ordinary Recoveries — Federal Sources

Ordinary Recoveries from Federal Sources were $22.4 million or 10.8 per cent lower than the prior year due to reduced recoveries from medical equipment trust funds and federal gas taxes.

Departmental Expenses — Consolidated Fund

Overall, Departmental Expenses exceeded the original budget by $207.8 million, or 2.8 per cent during 2009.

The table below shows the current and prior year actuals, the current year estimate, and the current year variance of estimate versus actual. The analysis that follows this chart includes explanations, by department, for the most significant variances.

Departmental Expenses
($ thousands)

Department	Estimate 2009	Actual 2009	Actual 2008	Actual vs Estimate Increase (Decrease)
Agriculture	59,563	65,984	76,071	6,421
Community Services	912,570	890,631	870,324	(21,939)
Economic and Rural Development	91,645	91,012	99,713	(633)
Education	1,261,744	1,267,460	1,230,048	5,716
Assistance to Universities	230,511	485,468	422,589	254,957
Energy	21,817	35,881	44,282	14,064
Environment	44,607	27,907	48,488	(16,700)
Finance	29,871	27,085	28,016	(2,786)
Fisheries and Aquaculture	7,463	7,311	6,934	(152)
Health	3,205,939	3,165,806	3,013,902	(40,133)
Health Promotion and Protection	87,526	87,666	68,192	140
Justice	262,244	262,071	235,029	(173)
Labour and Workforce Development	62,443	67,410	23,480	4,967
Natural Resources	84,638	86,829	87,489	2,191
Public Service	156,350	157,602	131,194	1,252
Seniors	2,127	1,693	1,576	(434)
Service Nova Scotia and Municipal Relations	254,539	244,388	237,046	(10,151)
Tourism, Culture and Heritage	56,727	61,356	57,400	4,629
Transportation and Infrastructure Renewal	350,875	381,343	366,289	30,468
Restructuring Costs	177,690	154,861	56,727	(22,829)
Loss (Gain) on the Disposal of Crown Assets	—	(1,076)	(4,169)	(1,076)
Total Departmental Expenses	7,360,889	7,568,688	7,100,620	207,799

Additional appropriations require approval by the Governor-in-Council within 90 days of the issuance of these Public Accounts. These amounts are summarized by appropriation on pages 39 and 40.

The consolidation of departmental expenses with that of governmental units provides the total expenses for which government is accountable. This table provides the departmental expenses by department prior to the consolidation, as compared to the prior fiscal year and the budget, which are the estimates as approved by the Legislature in the annual Appropriations Act.

Variance Analysis — Actual Compared With Estimate

Agriculture

The Department of Agriculture spent $6.4 million or 10.8 per cent more than budget primarily due to a $4.8 million increase in allowance for doubtful accounts for the Farm Loan Board. Additional spending of $0.2 million at the Nova Scotia Agriculture College as a result of increased student enrollment and $1.0 million for the Growing Forward programs was offset by recoveries. As well, $0.4 million was reclassified as revenue instead of netting against departmental spending.

Community Services

Spending in the Department of Community Services was $21.9 million or 2.4 per cent less than budget. Employment Support and Income Assistance expenses were lower by $9.9 million due to reduced case loads. Housing Services expenses were lower by $11.7 million due to a $10.3 million under expenditure in Affordable Housing programs which are funded by the Federal Affordable Housing Trust and Aboriginal Housing Trust funds. A reduction of $7.2 million in Early Childhood Programs funded from Federal Early Learning and Child Care Trust funds resulted in Family and Children's Services being $8.1 million lower than budget. Unexpended funds from the Federal Affordable Housing Trust, Aboriginal Housing Trust and Early Learning and Child Care Trust have been deferred to future years. In addition, there were savings in salaries and other costs across the department offset by increased spending of $9.6 million for Services for Persons with Disabilities which is primarily related to the planned renewal of that program area.

Economic and Rural Development

Overall, the Department of Economic and Rural Development spent $0.6 million or 0.7 per cent less than the budget. Industrial Expansion Fund investments exceeded the budget by $6.8 million and Community Development initiatives increased by $3.0 million. These increases were offset by savings in the Broadband for Rural Nova Scotia Initiative of $5.8 million due to delays in the project and spending of $4.6 million less than the budget for projects funded from the Federal Community Development Trust, staff vacancies and other savings.

Education

The Department of Education was $5.7 million or 0.5 per cent higher than budget as a result of an additional $11.8 million for public education funding related to the cost of educating First Nations students, higher salary and benefits costs for school board staff and increased operational funding provided to regional school boards. As well, $1.5 million more than budget was spent for French language grants and an additional $1.4 million was required for teachers' pension matching contributions.

Increased spending on these programs was partially offset by savings of $6.9 million on student assistance as a result of lower debt service and bad debt costs, amortization charges of $0.8 million less than budget and savings from vacancies and departmental operating efficiencies of $1.3 million.

Assistance to Universities

The 2009 actual spending for Assistance to Universities was $255.0 million or 110.6 per cent over budget due to the payment of $256.0 million resulting from an amendment to the Memorandum of Understanding on university funding and $1.2 million for the new Interprovincial Funding Agreement for the Atlantic Veterinary College. Operational and targeted funding grants to universities were $2.2 million less than budget, resulting in an overall increase of $255.0 million.

Energy

The Department of Energy spent $14.1 million or 64.5 per cent more than budget due to $9.5 million in enhancements to the Heat Smart Program and an increase of $5.0 million for the Carbon Capture Storage Consortium which was offset by federal recoveries. Additional savings of $0.4 million resulted from staffing vacancies and departmental operations.

Environment

The Department of Environment was $16.7 million or 37.4 per cent under budget primarily due to reduced spending of $16.0 million from Eco Nova Scotia with a similar reduction in revenues. Salary savings of $1.8 million were partially offset by additional spending of $1.1 million on IT equipment and renovations.

Finance

The Department of Finance spent $2.8 million or 9.3 per cent less than the budget. This was primarily due to savings resulting from staff vacancies and departmental operations; savings of $0.8 million due to the transfer of the Nova Scotia Insurance Review Board to Nova Scotia Utility and Review Board, with an offsetting decrease in ordinary recoveries; and gross reporting for the first time of $1.0 million expenses for administration fees related to federal collection of taxes, with an offsetting increase in income tax revenues.

Fisheries and Aquaculture

The Department of Fisheries and Aquaculture spent $0.2 million or 2.0 per cent less than budget due to savings from staff vacancies and departmental operations.

Health

The Department of Health spent $40.1 million or 1.3 per cent less than the budget. Nova Scotia Family Pharmacare expenditures were $18.6 million less than budget due to lower than projected enrollments; payments to physicians were $3.1 million less than budget due to lower than expected utilization, and savings in administration costs for insured physician and pharmaceutical services were $1.8 million. Delays in capital projects resulted in capital grants to District Health Authorities being $4.3 million less than budget. Home Care costs were $2.9 million less than budget because certain planned initiatives were not completed and long-term care was under spent by $3.5 million primarily due to delays in opening new beds. Other savings included $3.4 million related to delayed implementation of HealthLink 811, $2.0 million due to lower than projected enrollment for the Diabetes Assistance program, $2.4 million related to delays in Wait Times projects, $1.2 million related to implementation of the Stroke Strategy, and $1.4 million due to lower than expected use of blood products. There were also savings in a number of other program areas, vacancies and administration.

Savings were partially offset by spending of $7.3 million more than the amount budgeted for grants to District Health Authorities and $2.0 million more for Health Transformation Office costs. Information Technology initiatives including implementation of SAP in the District Health Authorities, which accounted for spending of $5.5 million in excess of budget, offset by savings of $2.0 million in amortization due to delays in completing projects.

Health Promotion and Protection

The Department of Health Promotion and Protection's actual expenses were $0.1 million or 0.2 per cent greater than the budget. Increased expenses for the Vancouver Olympics of $1.0 million and Addiction Services of $0.6 million were largely offset by savings in administration and vacancies.

Justice

The Department of Justice was $0.2 million or 0.1 per cent under budget. Savings achieved in vacancy management and operational efficiencies more than offset spending increases incurred during the year. Additional spending included increased costs of $0.5 million in Legal Aid, $0.6 million in the Fatality Investigations Act division due to higher fees paid to pathologists, $0.8 million in retro payments for youth worker reclassifications, and a $0.6 million increase in Worker's Compensation costs.

Labour and Workforce Development

Spending in the Department of Labour and Workforce Development exceeded budget by $5.0 million or 8.0 per cent primarily as a result of $8.6 million in additional costs related to the Labour Market Agreement which is funded by the Federal government offset by $3.6 million in vacancy management and operational efficiencies.

Natural Resources

The Department of Natural Resources spent $2.2 million or 2.6 per cent more than budget. Fire fighting costs exceeded the budget by $1.2 million due to a major fire in the Porters Lake/Lake Echo area and four smaller fires in the Shelburne area. Additional expenses in the Renewable Resources Branch of the Department totaled $1.4 million for the Provincial Forest Nursery, the Provincial Wildlife Park and ongoing projects that were offset by additional recoveries from the Federal government. These expenses were partially offset by savings in administration and vacancies.

Public Service

In total, the Public Service was $1.3 million or 0.8 per cent over budget. The significant variances within this appropriation include the following:

Emergency Management Office
The Emergency Management Office spent $2.1 million more than budget. Additional spending of $1.9 million in the Disaster Assistance Program and $0.3 million for Ground Search and Rescue training, were offset by federal recoveries. These expenses were partially offset by operational savings in EMO Administration.

Executive Council Office
Executive Council Office spent $2.2 million less than budget as a result of vacancy management and administrative efficiencies.

Government Contributions to Benefit Plans
Government Contributions to Benefit Plans spent $3.3 million more than budget due to $5.0 million additional benefits and payroll accrual costs offset by a $1.7 million reduction in the WCB liability for outstanding claims.

Legislative Services
Legislative Services spent $3.7 million more than budget due to the additional $6.8 million for Democracy 250, which was offset by federal recoveries. The additional expenses were offset by $3.0 million in savings due to vacancy management and operational efficiencies.

Nova Scotia Business Inc.
Actual expenses for Nova Scotia Business Inc. were $4.6 million less than budget primarily due to a reduction in the requirements for strategic investment funds for payroll rebates.

Seniors

The Department of Seniors spent $0.4 million less than budget due to savings from staff vacancies and departmental operations.

Service Nova Scotia and Municipal Relations

Service Nova Scotia and Municipal Relations spent $10.2 million or 4.0 per cent less than budget due to a $25.9 million under expenditure by municipalities in the Federal Gas Tax Transfer, Building Canada Fund and Municipal Rural Infrastructure Fund. This under expenditure was partially offset by a $13.4 million enhancement to the Heating Assistance Rebate Program, a $0.4 million increase in the Salvation Army Good Neighbour Program, additional spending of $2.5 million for the First Responders Firefighter Fund and $1.0 million in community grants, offset by savings in a number of other program areas.

Tourism, Culture and Heritage

The Department of Tourism, Culture and Heritage spent $4.6 million or 8.2 per cent more than budget due to $2.3 million in increased grants to local provincial museums and additional spending of $3.0 million for strategic community investments in tourism, culture and heritage sectors. This was partially offset by $0.7 million in savings due to staff vacancies and operational savings.

Transportation and Infrastructure Renewal

Transportation and Infrastructure Renewal was $30.5 million or 8.7 per cent over budget. The severity and frequency of winter storms resulted in the Snow and Ice Control budget being over spent by $19.0 million. Employee benefit costs were up by $2.0 million, an additional $1.0 million was spent on ferry operations as a result of storm damage, and increased spending on road work and higher than budgeted fuel costs totaled $12.0 million.

Savings were realized from the delay in completion of provincial buildings resulting in operating and amortization costs of $1.6 million less than budget. Corporate Information Technology Operations was under budget by $1.4 million and there were savings of $0.5 million due to vacancy management.

Restructuring Costs

Overall, Restructuring Costs were $22.8 million or 12.8 per cent lower than the budget. Actual expenses relating to current and prior year contract settlements were less than anticipated in spite of some wage settlements that exceeded the original budget. The balance of the variance is attributed to Business Process Engineering expenses. Some costs are budgeted in Restructuring and when the actual amounts become available, they are recorded as expenses in other appropriations.

Tangible Capital Assets – Consolidated Fund

The province's policy is to capitalize the gross cost of its tangible capital assets. Recoveries from outside sources are recognized as revenue in the year the asset is purchased. Under the province's tangible capital assets policy, a percentage of the original cost of an asset is charged to expenses in each year of the useful life of the asset. This charge, called amortization, does not commence until the asset is available for use. Departments are required to budget for tangible capital asset purchases and the resulting amortization from the acquisition of these assets.

The cost of the estimated purchases of tangible capital assets is appropriated as the Capital Purchase Requirements, and the departmental details are noted below.

Gross Capital Purchases
($ thousands)

Department	Estimate 2009	Actual 2009	Variance Increase (Decrease)
Agriculture	350	338	(12)
Community Services	1,000	537	(463)
Education	79,728	76,660	(3,068)
Environment	1,355	1,556	201
Finance	1,665	1,863	198
Fisheries and Aquaculture	95	74	(21)
Health	33,259	27,694	(5,565)
Health Promotion and Protection	2,857	914	(1,943)
Natural Resources	3,500	3,377	(123)
Service Nova Scotia and Municipal Relations	2,192	1,750	(442)
Tourism, Culture and Heritage	—	1	1
Transportation and Infrastructure Renewal			
Highways and Bridges	182,365	217,188	34,823
Buildings and Infrastructure	33,071	32,734	(337)
Total Gross Capital Purchases	341,437	364,686	23,249

Overall, spending for Capital Purchase Requirements exceeded budget by $23.2 million, primarily as a result of highway construction, which was offset by savings in Information Technology projects and school construction.

Amortization
($ thousands)

Department	Estimate 2009	Actual 2009	Variance Increase (Decrease)
Agriculture	393	345	(48)
Community Services	1,954	1,948	(6)
Education	59,393	58,560	(833)
Energy	12	12	—
Environment	82	13	(69)
Finance	5,391	5,106	(285)
Fisheries and Aquaculture	55	50	(5)
Health	9,866	7,833	(2,033)
Health Promotion and Protection	80	13	(67)
Justice	1,332	1,332	—
Labour and Workforce Development	124	126	2
Natural Resources	768	700	(68)
Public Service	347	348	1
Service Nova Scotia and Municipal Relations	2,814	2,779	(35)
Tourism, Culture and Heritage	530	528	(2)
Transportation and Infrastructure Renewal	108,813	110,017	1,204
Total Amortization	191,954	189,710	(2,244)

This schedule reflects the budget and actual for amortization charged to operations for assets acquired in 2009 and in prior years. The estimate for amortization expense is based on the gross cost of tangible capital assets.

Additional Appropriations

Relative to the Appropriations Act, 2008 for the fiscal year ended March 31, 2009
($ thousands)

Res	Appropriation Area	Original Estimate	Additional Approved	Actual	Variance	Additional Appropriations Required
	Departmental Expenses					
1	Agriculture	59,563		65,984	6,421	6,421
2	Community Services	912,570		890,631	(21,939)	–
3	Economic and Rural Development	91,645	6,305	91,012	(6,938)	–
4	Education	1,261,744		1,267,460	5,716	5,716
5	Assistance to Universities	230,511	256,000	485,468	(1,043)	–
6	Energy	21,817	12,160	35,881	1,904	1,904
7	Environment	44,607		27,907	(16,700)	–
8	Finance	29,871		27,085	(2,786)	–
10	Fisheries and Aquaculture	7,463		7,311	(152)	–
11	Health	3,205,939		3,165,806	(40,133)	–
12	Health Promotion and Protection	87,526		87,666	140	140
13	Justice	262,244		262,071	(173)	–
14	Labour and Workforce Development	62,443		67,410	4,967	4,967
15	Natural Resources	84,638		86,829	2,191	2,191
16	Communications Nova Scotia	8,864		8,416	(448)	–
17	Emergency Management Office of Nova Scotia	6,141		8,275	2,134	2,134
18	Executive Council	42,543		40,360	(2,183)	–
19	FOIPOP Review Office	427		404	(23)	–
20	Government Contributions to Benefit Plans	8,243		11,381	3,138	3,138
21	Human Rights Commission	2,205		2,307	102	102
22	Legislative Services	29,061		32,741	3,680	3,680
23	Nova Scotia Advisory Council on the Status of Women	1,003		964	(39)	–
24	Nova Scotia Business Inc.	27,890		23,313	(4,577)	–
25	Nova Scotia Police Complaints Commissioner	359		413	54	54
26	Nova Scotia Securities Commission	2,538		2,077	(461)	–
27	Nova Scotia Utility and Review Board	3,843		3,843	–	–
28	Office of the Auditor General	3,445		3,297	(148)	–
29	Office of the Ombudsman	1,567		1,492	(75)	–
30	Public Prosecution Service	18,221		18,319	98	98
31	Seniors	2,127		1,693	(434)	–
32	Service Nova Scotia and Municipal Relations	254,539	22,144	244,388	(32,295)	–
33	Tourism, Culture and Heritage	56,727	4,722	61,356	(93)	–
34	Transportation and Infrastructure Renewal	350,875		381,343	30,468	30,468
35	Restructuring Costs	177,690		154,861	(22,829)	–
	Total Departmental Expenses	7,360,889	301,331	7,569,764	(92,456)	61,013

Additional Appropriations (continued)

Relative to the Appropriations Act, 2008 for the fiscal year ended March 31, 2009
($ thousands)

Res	Appropriation Area	Original Estimate	Additional Approved	Actual	Variance	Additional Appropriations Required
	Other Appropriations					
9	Debt Servicing Costs	904,522		867,338	(37,184)	–
36	Pension Valuation Adjustment	67,590	13,711	85,066	3,765	3,765
	Total Other Appropriations	972,112	13,711	952,404	(33,419)	3,765
	Required Additional Appropriations					64,778

	Statutory Capital	Original Estimate	Additional Approved	Actual	Variance	Additional Appropriations Required
37	Capital Purchase Requirements	341,437		364,686	23,249	23,249
38	Sinking Fund Installments and Serial Retirements	85,457		90,343	4,886	4,886
	Total Statutory Capital	426,894	–	455,029	28,135	28,135
	Required Additional Appropriations					28,135

Note: Section 28 (3) of the Provincial Finance Act requires that any additional spending authority required must be approved by the Governor-in-Council no later than 90 days after the tabling of the Public Accounts.

Additional Appropriations Approved during 2009

($ thousands)

Some additional appropriations were approved during 2009, as indicated in the table above. The details of the additional requests are as follows:

Appropriation Area	Order in Council	Amount
Assistance to Universities	2009-159	256,000
Economic Development	2008-659	6,305
Energy	2008-659	12,160
Service Nova Scotia and Municipal Relations	2008-659	22,144
Tourism, Culture and Heritage	2008-659	4,722
Total		301,331

Debt Review of the Consolidated Fund

In fiscal 2009, the Province of Nova Scotia posted a surplus of $19.7 million. The net direct debt of the province as of March 31, 2009 was $12.3 billion, an increase of $208.7 million from the net direct debt at the end of fiscal 2008. The province's net direct debt to gross domestic product ratio decreased to 36 per cent at March 31, 2009 from 37 per cent at March 31, 2008.

Credit Ratings

The Province of Nova Scotia's credit ratings were confirmed by three major credit rating agencies during 2009. During the fiscal year the Dominion Bond Rating Service upgraded the outlook on the province's long term credit rating from stable to positive. Moody's Investor Services Inc. maintained a stable outlook while Standard and Poor's maintained a positive outlook on their ratings of the province's debt. The following table details Nova Scotia's current ratings relative to its provincial peers.

Credit Ratings as at June 15, 2009

Province	Moody's Investors Service Inc.	Standard and Poor's	Dominion Bond Rating Service
Nova Scotia	Aa2	A+	A
Newfoundland and Labrador	Aa2	A	A
Prince Edward Island	Aa2	A	A (low)
New Brunswick	Aa1	AA-	A (high)
Quebec	Aa2	A+	A (high)
Ontario	Aa1	AA	AA
Manitoba	Aa1	AA	A (high)
Saskatchewan	Aa1	AA+	AA (low)
Alberta	Aaa	AAA	AAA
British Columbia	Aaa	AAA	AA (high)
Canada	Aaa	AAA	AAA/AAA (high)

Capital Markets Issuance Initiatives

Despite having balanced budgets, the province is required to borrow funds on an ongoing basis both to refinance maturing debt and to meet capital requirements not anticipated in budget projections. Budget surpluses act to reduce borrowing requirements while any deficits would add to the province's borrowing program. The province maintains the capability to borrow funds for future requirements should financial market conditions be favourable. The province also maintains a liquid asset position in discretionary funds. These funds are available to provide liquidity for the province, repay maturing debt and may be used to manage the province's borrowing requirements.

The Province of Nova Scotia borrowed $1,483.5 million in debenture debt in fiscal year 2009, an increase from the budget estimate of $914.9 million.

The province's 2009 long-term borrowing program was completed through the issuance of one $250 million domestic public issue, $1,155 million issued under the province's medium term note program through nine separate promissory note issues and through the roll-over of a $78.45 million Canada Pension Plan Investment Board debt issue. The province maintains access to a diversity of borrowing sources, both domestic and international. This access is a key factor in maintaining a broad demand for Nova Scotia debt issues and achieving lower borrowing costs.

Financial Risk Management

Foreign Currency Risk

In order to more fully access global capital markets, the Province of Nova Scotia maintains the ability to borrow in currencies other than the Canadian dollar. The province did not access these markets during the 2009 fiscal year.

The province has reduced its exposure to foreign currency debt in recent years through the active use of derivatives where appropriate or opportune and by the accumulation of US dollar-denominated assets held in sinking funds to offset outstanding US dollar issues. As at March 31, 2009, the province's gross debt had no exposure to foreign currencies. This variable was unchanged as compared to March 31, 2008.

As at March 31, 2009 the sinking funds held no assets denominated in US dollars, other than the province's own bonds. These funds were therefore not subject to foreign exchange fluctuations.

GAAP requires that all financial amounts in the financial statements be presented in Canadian dollars. Conversion of un-hedged foreign currency amounts outstanding is calculated annually at March 31. This conversion results in a foreign currency gain or loss from year to year as the currency exchange rates fluctuate. As described in Note 1(c) on page 84, the foreign exchange gains or losses on long-term financial items are amortized over the remaining life of the related issue. At March 31, 2009, unamortized foreign exchange was a net gain to the province of $221.6 million.

Interest Rate Risk

As a net debtor in financial markets, the province is exposed to the risks posed by movements in interest rates. The province is exposed to interest rate risk as maturing debenture issues are refinanced at current market rates. Some exposure to fluctuating short-term rates is maintained as a policy variable on the debt portfolio. The province has policies in place that set exposure limits on interest rate risk. Control is maintained over this exposure through the active management by the province of its gross debt and asset portfolios.

The debt portfolio's exposure to floating interest rates decreased to 5.0 per cent for the fiscal year ended March 31, 2009 (down from 14.5 per cent at March 31, 2008). The province is able to exercise control of this variable in the portfolio by maintaining access to capital markets and through its extensive derivative capabilities. With 95.0 per cent of the total principal in fixed interest rate form (up from 85.5 per cent at March 31, 2008), there will be a significant degree of stability in debt servicing costs in coming years. At March 31, 2009, the average term to maturity of the gross debt portfolio stood at 11.0 years, 1.0 year shorter than a year earlier.

Debt Servicing Costs – Consolidated Fund

Net debt servicing costs of the Consolidated Fund in fiscal 2009 were $751.0 million, a decrease of $61.1 million from the previous year and $39.2 million lower than estimate. Contributing to this reduction were lower than projected interest rates realized on borrowings and favourable terms on the province's swap position.

Net Debt Servicing Costs
($ thousands)

	Estimate 2009	Actual 2009	Actual 2008	Actual vs Estimate Variance Increase (Decrease)
Interest on Long-Term Debt	737,668	681,679	765,179	(55,989)
General Interest	35,400	48,351	27,069	12,951
Interest on Pension, Retirement and Other Obligations	131,454	137,308	132,641	5,854
Gross Debt Servicing Costs	904,522	867,338	924,889	(37,184)
Less: Sinking Fund Earnings	114,400	116,384	112,834	1,984
Net Debt Servicing Costs	790,122	750,954	812,055	(39,168)

Debenture Debt

The Consolidated Fund's net debenture debt (outstanding debentures less sinking funds and Public Debt Retirement Fund assets) was $9.6 billion in Canadian dollar equivalent as at March 31, 2009.

The Province of Nova Scotia provides sinking fund installments for certain term debt issues. Annual sinking fund installments generally range from 1.0 per cent to 3.0 per cent of the original issue, but may vary slightly from year to year based on actual and anticipated rates of return on sinking fund assets. Installments are designed to fully fund the issue over the life of the issue. Sinking funds are treated as trust funds and are used solely for debt retirement.

Outstanding Debentures – (CDN$ Equivalents)
($ millions)

	Actual 2009	Actual 2008
Debentures Payable in Canadian Dollars		
Canada Pension Plan Investment Fund	1,079	1,079
Other Issues	10,754	10,029
United States Dollars	—	—
Less: Sinking Funds and Public Debt Retirement Fund	(2,212)	(2,012)
Net Debenture Debt	9,621	9,096

Borrowing Powers

Long-term debt issued by way of debentures and medium-term notes is subject to a legislative authority to borrow through *the Appropriations Act*. Unused portions of these authorities carry forward to be used in future years. In fiscal 2009, the province borrowed (face value) $1,483.5 million in long-term debentures, which were applied to authority remaining from the 2008 and 2009 fiscal years.

Statement of Borrowing Powers

As at March 31, 2009
($ thousands)

	Actual 2009	Actual 2008
Balance of Authority from Previous Fiscal Years	1,379,523	481,039
Appropriations Act, 2007	—	1,000,000
Appropriations Act, 2008	1,000,000	—
Total Authority at Beginning of the Fiscal Year	2,379,523	1,481,039
Less: Authority Used in the Previous Fiscal Year		101,516
Less: Authority Used in the Current Fiscal Year		
Debenture Series B8	250,000	
Debenture Series CP45	78,450	
Promissory Note P105	200,000	
Promissory Note P102	200,000	
Promissory Note P105	225,000	
Promissory Note P102	25,000	
Promissory Note P102	50,000	
Promissory Note P102	55,000	
Promissory Note P102	200,000	
Promissory Note P106	100,000	
Promissory Note P106	100,000	
Balance of Authority at end of fiscal year	896,073	1,379,523

Additional Borrowing Powers
Cape Breton Industrial Assistance Act, Chapter 60, R.S.N.S. 1989
Housing Act, Chapter 211, R.S.N.S. 1989
Housing Development Corporation Act, Chapter 213, R.S.N.S. 1989
Municipal Finance Corporation Act, Chapter 301, R.S.N.S. 1989
Sydney Steel Corporation Act, Chapter 456, R.S.N.S. 1989

The Economy

Unless otherwise indicated, the analysis included in The Economy section is based on calendar year, not the fiscal year.

Economic Indicators

Economic indicators for the calendar year 2008 form the basis of the following discussion for the year ended March 31, 2009 (see note 'P' below). With no official budget yet established there is no forecast for 2009.

	2004	2005	2006	2007	2008[P]
($ millions)					
Gross Domestic Product at Market Prices	29,853	31,275	31,737	33,010	34,209
Annual % Change	3.5%	4.8%	1.5%	4.0%	3.6%
(chained 2002 $ millions)					
Gross Domestic Product at Market Prices	27,710	28,069	28,328	28,803	29,380
Annual % Change	0.9%	1.3%	0.9%	1.7%	2.0%
($ millions)					
Personal Income	25,394	26,625	27,612	28,917	29,967
Annual % Change	3.9%	4.8%	3.7%	4.7%	3.6%
Consumer Price Index Nova Scotia					
Annual % Change	1.8%	2.8%	2.0%	1.9%	3.0%
Population (000s)	939	937	938	936	938

Notes:
P - Preliminary estimates for 2008 by Statistics Canada are subject to change in 2009 fall update of the Provincial Economic Accounts.

Sources: Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-PPB
Statistics Canada Quarterly Demographics Statistics, Cat. No. 91-002-X

Economic Performance

Output

According to Statistics Canada, the Nova Scotia economy experienced an estimated 2.0 per cent growth rate in real GDP in 2008, up from a 1.7 per cent growth rate in 2007. Growth was mostly driven by consumer and government spending. GDP inflation, at 1.6 per cent, was less than in the previous year. In 2007, GDP inflation increased due to an increase in commodity prices. In 2008, the impact of commodity price increases on GDP inflation was partially offset by decreases in prices of exports relative to imports due to a depreciation of the Canadian dollar. Lower GDP inflation supported a higher rate of growth of real GDP growth in 2008 despite a slightly lower rate growth of Nominal GDP of 3.6 per cent.

Final domestic demand is estimated to have increased by 5.0 per cent. This growth was supported by an increase in consumer spending along with more spending on goods and services by government. Growth in consumer spending was 5.2 per cent in 2008, with retail sales increasing at a similar pace of 4.2 per cent.

Capital investments were up in 2008 due to a 15.7 per cent increase in public investments. Business capital investments declined by 1.7 per cent in 2008.

Corporation profits before taxes were up 7.9 per cent in 2008, in conjunction with increased exports from the province and high commodity prices.

Due mostly to higher energy and food prices at home, the Consumer Price Index (cost of living) increased to 3.0 per cent in 2008.

Exports of goods and services grew by 8.9 per cent in 2008. Natural gas accounted for the largest share of exports, increasing by 38.8 per cent. Higher prices accounted for most of the rise in total exports. Real exports of goods and services grew by 0.8 per cent.

Exports to other countries accounted for just over half, or 50.7 per cent, of total exports in 2008. Export of goods, accounting for 86.4 per cent of total exports to other countries, increased by 7.5 per cent, while exports of services increased by 3.3 per cent.

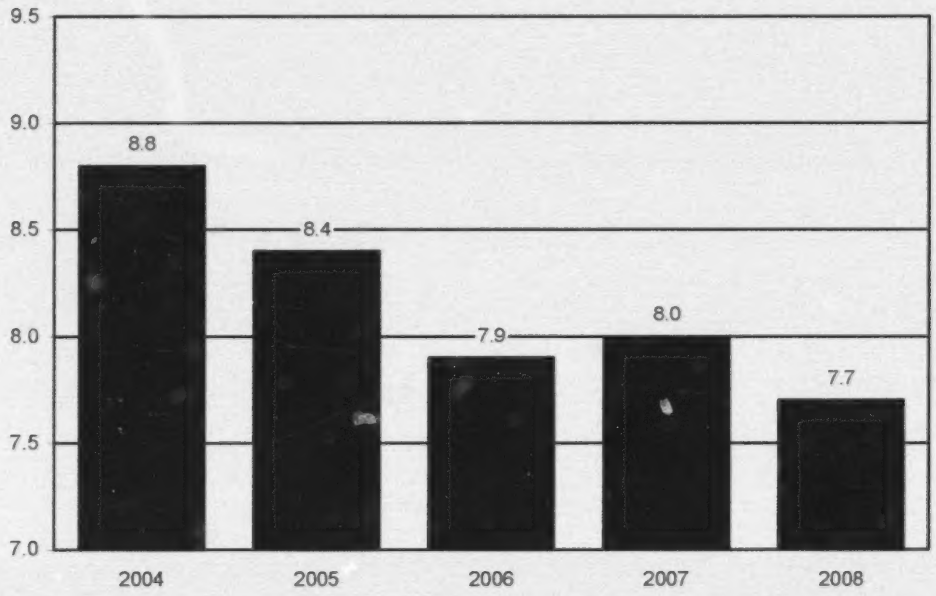
Labour Markets

Employment increased at a faster rate than the growth of the labour force resulting in a decrease in the unemployment rate in 2008. The number of people active in the labour market in 2008 increased by 0.9 per cent, while employment increased by 1.3 per cent. The end result was a 0.3 percentage point decrease in the unemployment rate to 7.7 per cent.

Unemployment Rate

2004 to 2008

(Per cent)



Source: Statistics Canada, 2008 Labour Force Historical Review, Cat. No. 71F0004X, March 2009.

Consumer Spending and Income

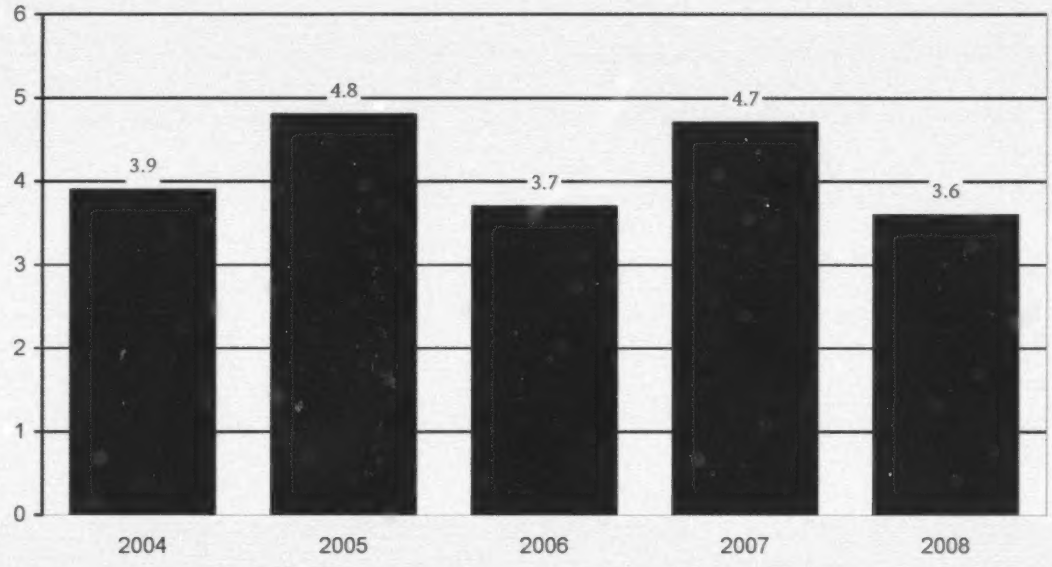
There was continued strength in consumer spending with an estimated increase of 5.2 per cent (nominal dollars) in 2008, which was supported by increases in personal income and more jobs along with lower interest rates. As a result of more consumer spending, retail sales were up 4.2 per cent in 2008.

Personal income had an estimated increase of 3.6 per cent in 2008 supported by a 4.6 per cent increase in labour income. This labour income growth reflects wage increases of 2.6 per cent and an increase of 1.3 per cent in employment.

Personal Income Growth

2004 to 2008

(Per cent)



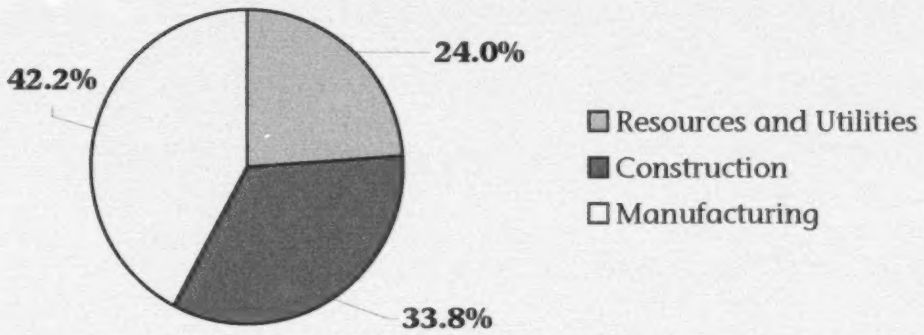
Source: Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-P

Industry Employment Performance

Goods Industries

Employment in goods-producing industries increased 5.0 per cent in 2008. This growth followed a 2.9 per cent growth in employment in 2007, and declines in growth in 2006 and 2005 of 6.0 per cent and 2.7 per cent, respectively. Employment in goods-producing industries accounted for 20.4 per cent of the total employment in the Nova Scotia economy in 2008.

Employment by Goods Industries 2008
(as a Percentage of Total Goods Industries Employment)



Source: Statistics Canada, 2008 Labour Force Historical Review Cat. No.71F0004X, March 2009.

The construction sector saw employment increase 15.1 per cent. Employment growth in the manufacturing sector declined 5.6 per cent, while manufacturing shipments increased 8.8 per cent. Employment in the agriculture and forestry sectors reported increases in 2008 (14.3 per cent and 32.0 per cent respectively) continuing to bounce back from their declines in 2006. The fishing sector, however, continued to decline at a rate of 7.9 per cent following declines in 2006 and 2007. Employment in the mining, oil, and gas extraction sector increased 5.9 per cent in 2008.

Service Industries

Nova Scotia is predominantly a service-sector economy, with 79.6 per cent of its total employment being in the service sector in 2008. The number of service sector employees increased by 0.3 per cent to 360,600 in 2008.

The trade sector (retail and wholesale) is the largest sector, with 22.0 per cent of total employment in the service industries. Employment in this sector experienced an overall increase of 2.9 per cent in 2008, with wholesale trade and retail trade both increasing at 3.8 and 2.5 per cent, respectively. Health care and social assistance services sector is the next largest component of the services sector, with 16.8 per cent of total service sector employment in 2008. Employment in health care and social assistance declined by 1.6 per cent in 2008.

Employment by Service Industry

(as a percentage of Total Service Industries Employment)

	2008	2007
Trade	22.0%	21.4%
Health Care, & Social Assistance Services	16.8%	17.1%
Educational Services	9.4%	10.1%
Public Administration	8.4%	7.8%
Accommodation & Food Services	8.1%	8.4%
Business, Building & Other Support Services	7.2%	7.5%
Finance, Insurance, Real Estate & Leasing	6.2%	6.5%
Professional, Scientific & Technical Services	5.9%	4.9%
Information, Culture & Recreation	5.5%	5.4%
Other Services	5.4%	5.8%
Transportation & Warehousing	5.1%	5.1%
	100.0%	100.0%

Source: Statistics Canada, 2008 Labour Force Historical Review, Cat. No. 71F0004X, March 2009.

The largest growth rate in 2008 was employment in the professional, scientific and technical services sector which increased by 21.7 per cent. Increases were also experienced in the following sectors: public administration by 7.8 per cent; trade (wholesale and retail) by 2.9 per cent; information, culture and recreation by 1.5 per cent; and transportation and warehousing by 1.1 per cent.

The greatest declining rate in 2008 was employment in the educational services sector, at a rate of 6.6 per cent. Decreases were also experienced in the following sectors: other services sector by 5.4 per cent; business, building and other support services by 4.4 per cent; finance, insurance, real estate and leasing by 3.9 per cent; accommodation and food services by 2.6 per cent; and health care and social assistance by 1.6 per cent.

Consolidated Financial Statements

Statement of Responsibility
for the Consolidated Financial Statements of the Province of Nova Scotia

Responsibility for the integrity, objectivity, and fair presentation of the consolidated financial statements of the Province of Nova Scotia rests with the government. These financial statements are prepared on behalf of the Minister and Deputy Minister of Finance by the Controller in accordance with the accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA and International Federation of Accountants accounting standards or pronouncements.

The consolidated financial statements include a Consolidated Statement of Financial Position, a Consolidated Statement of Operations and Accumulated Deficits, a Consolidated Statement of Change in Net Direct Debt, and a Consolidated Statement of Cash Flow. They present fairly, in all material respects, the financial position and the results of operations for the year ended. The government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded, and financial records are properly maintained.

Under the mandate in section 9 of the Auditor General Act, the Auditor General of Nova Scotia provides an independent opinion on the consolidated financial statements prepared by the government.

Byron Rafuse, CMA
Controller

Nova Scotia

Office of the Auditor General

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Halifax, Nova Scotia
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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia

I have audited the consolidated statement of financial position of the Province of Nova Scotia as at March 31, 2009 and the consolidated statements of operations and accumulated deficits, change in net direct debt and cash flow for the year then ended. These statements are the responsibility of the Government of Nova Scotia, represented by the Minister of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Province of Nova Scotia as at March 31, 2009 and the results of its operations, changes in net direct debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.

JR Lapointe

Jacques R. Lapointe, CA
Auditor General

Halifax, Nova Scotia
July 15, 2009

Statement 1

Consolidated Statement of Financial Position

As at March 31, 2009
($ thousands)

	2009	2008
Financial Assets		
Cash and Short-term Investments (Note 3)	974,592	609,998
Accounts Receivable and Advances	893,462	1,137,782
Inventories for Resale	3,725	4,461
Loans Receivable (Schedule 3)	1,304,299	1,138,779
Investments (Schedule 3)	42,845	44,363
Investment in Government Business Enterprises (Schedule 6)	40,520	26,826
	3,259,443	2,962,209
Liabilities		
Bank Advances and Short-term Borrowings	613,866	1,090,870
Accounts Payable and Accrued Liabilities	1,526,213	1,531,799
Deferred Revenue (Note 4)	918,366	1,054,282
Accrued Interest	205,923	188,610
Unmatured Debt of Governmental Units (Schedule 4)	10,224,796	9,292,334
Unamortized Foreign Exchange Translation Gains, Premiums and Discounts	221,614	202,114
Federal Equalization Repayable Loan (Note 6)	84,225	96,258
Pension, Retirement and Other Obligations (Note 7)	1,787,948	1,620,705
	15,582,951	15,076,972
Net Direct Debt	(12,323,508)	(12,114,763)
Non-Financial Assets		
Tangible Capital Assets (Schedule 7)	4,069,592	3,850,387
Inventories of Supplies	56,499	51,898
Prepaid Expenses	30,285	25,645
	4,156,376	3,927,930
Accumulated Deficits	(8,167,132)	(8,186,833)
Trust Funds under Administration (Note 8)	6,729,124	8,357,688

Accounting Changes (Note 2)
Contingencies and Contractual Obligations (Note 12)
Subsequent Events (Note 13)
Comparative Figures (Note 14)

The accompanying notes and schedules are an integral part of these Financial Statements

Statement 2

Consolidated Statement of Operations and Accumulated Deficits

For the fiscal year ended March 31, 2009
($ thousands)

	Estimate 2009	Actual 2009	Actual 2008
Revenue (Schedule 1)			
Provincial Sources	4,948,495	4,951,010	4,886,676
Federal Sources	3,052,363	2,956,451	3,035,703
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements	—	61,534	98,056
Other Revenue	535,961	743,011	775,114
Sinking Fund and Public Debt Retirement Fund Earnings	114,400	116,384	112,834
Total Revenue	8,651,219	8,828,390	8,908,383
Expenses (Schedule 2)			
Agriculture	59,563	65,884	75,971
Community Services	947,445	906,088	892,272
Economic and Rural Development	110,496	77,090	83,049
Education	1,552,702	1,635,452	1,586,129
Assistance to Universities	230,511	485,468	422,589
Energy	24,642	38,789	44,828
Environment	44,607	72,852	91,085
Finance	51,476	50,089	47,894
Fisheries and Aquaculture	7,743	7,571	6,934
Health	3,342,304	3,418,883	3,248,225
Health Promotion and Protection	55,196	40,969	48,230
Justice	262,177	261,639	235,881
Labour and Workforce Development	62,443	57,695	23,480
Natural Resources	87,820	96,893	94,866
Public Service	161,607	217,716	177,898
Seniors	2,127	1,693	1,576
Service Nova Scotia and Municipal Relations	256,297	244,713	237,921
Tourism, Culture and Heritage	59,113	62,842	59,466
Transportation and Infrastructure Renewal	351,703	381,585	364,642
Restructuring Costs	177,690	72,208	33,643
Pension Valuation Adjustment	67,590	85,066	107,504
Loss (Gain) on Disposal of Crown Assets	—	(1,076)	(4,169)
Debt Servicing Costs (Note 10)	904,522	888,160	953,698
Total Expenses (Note 9)	8,819,774	9,168,269	8,833,612
Surplus (Deficit) from Governmental Units	(168,555)	(339,879)	74,771
Net Income from Government Business Enterprises (Schedule 6)	358,221	359,580	344,158
Provincial Surplus	189,666	19,701	418,929
Accumulated Deficits, Beginning of Year		(8,186,833)	(8,605,762)
Accumulated Deficits, End of Year		(8,167,132)	(8,186,833)

The accompanying notes and schedules are an integral part of these Financial Statements

Statement 3

Consolidated Statement of Change in Net Direct Debt

For the fiscal year ended March 31, 2009
($ thousands)

	Estimate 2009	Actual 2009	Actual 2008
Net Direct Debt, Beginning of Year	(12,114,763)	(12,114,763)	(12,357,205)
Changes in the Year*			
Provincial Surplus	189,666	19,701	418,929
Acquisition of Tangible Capital Assets	(341,437)	(503,313)	(437,103)
Amortization of Tangible Capital Assets	191,954	280,384	267,360
Disposals and Adjustments to Tangible Capital Assets	—	3,724	7,473
(Increase) Decrease in Inventories of Supplies	—	(4,601)	(5,204)
(Increase) Decrease in Prepaid Expenses	—	(4,640)	(9,013)
Total Changes in the Year	40,183	(208,745)	242,442
Net Direct Debt - End of Year	(12,074,580)	(12,323,508)	(12,114,763)

*Except for the Provincial Surplus figure, the estimates for items shown as *Changes in the Year* reflect the activity of the Consolidated Fund only.

The accompanying notes and schedules are an integral part of these Financial Statements

Statement 4

Consolidated Statement of Cash Flow

For the fiscal year ended March 31, 2009
($ thousands)

	2009	2008
Cash Inflow (Outflow) from the following activities:		
Operating:		
Provincial Surplus	19,701	418,929
Sinking Fund and Public Debt Retirement Fund Earnings	(116,384)	(112,834)
Foreign Exchange Amortization	1,295	2,039
Amortization of Tangible Capital Assets	280,384	267,360
Net Income from Government Business Enterprises	(359,580)	(344,158)
Profit Distributions from Government Business Enterprises	345,886	332,947
Loss on Disposal of Tangible Capital Assets	2,448	4,499
Net Change in Other Items (Note 11)	(198,135)	266,709
	(24,385)	835,491
Investing:		
Repayment of Loans	211,577	220,973
Advances and Investing	(375,579)	(252,592)
	(164,002)	(31,619)
Capital:		
Acquisition of Tangible Capital Assets	(503,313)	(437,103)
Proceeds from Disposal of Tangible Capital Assets	1,276	2,973
	(502,037)	(434,130)
Financing:		
Debentures Issued	1,541,909	156,580
Repayment of Federal Equalization Repayable Loan	(12,033)	(12,032)
Foreign Currency Swaps and Adjustments	(20,556)	(12,131)
Sinking Fund Installments	(63,688)	(55,912)
Repayment of Debentures and Other Long-term Obligations	(390,614)	(709,339)
	1,055,018	(632,834)
Cash (Outflows) Inflows	364,594	(263,092)
Cash Position, Beginning of Year	609,998	873,090
Cash Position, End of Year	974,592	609,998
Cash Position Represented by:		
Cash and Short-Term Investments	974,592	609,998

The accompanying notes and schedules are an integral part of these Financial Statements

Schedule 1

Revenue

For the fiscal year ended March 31, 2009
($ thousands)

	2009	2008
Provincial Sources		
Income Taxes	2,170,891	2,167,869
Sales Taxes	1,580,929	1,484,380
Petroleum Royalties	451,795	399,679
Other Provincial Revenue	747,395	834,748
	4,951,010	4,886,676
Federal Sources		
Equalization Payments	1,464,935	1,464,528
Canada Health and Social Transfers	965,797	919,366
Crown Share	95,114	234,400
Other Federal Payments	430,605	417,409
	2,956,451	3,035,703
Prior Years Adjustments - Federal/Provincial Fiscal Arrangements		
Provincial Sources	53,904	85,779
Federal Sources	7,630	12,277
	61,534	98,056
Other Revenue	743,011	775,114
Sinking Fund and Public Debt Retirement Fund Earnings	116,384	112,834
Total Revenue	8,828,390	8,908,383

Schedule 2

Expenses
For the fiscal year ended March 31, 2009
($ thousands)

	2009	2008
Agriculture		
Department of Agriculture	65,884	75,971
Community Services		
Department of Community Services	805,374	782,262
Nova Scotia Housing Development Corporation	100,714	110,010
	906,088	892,272
Economic and Rural Development		
Department of Economic and Rural Development	76,644	83,049
Nova Scotia Strategic Opportunities Fund Inc.	446	—
	77,090	83,049
Education		
Department of Education	291,661	312,087
Annapolis Valley Regional School Board	125,340	120,772
Cape Breton Victoria Regional School Board	150,810	144,995
Chignecto-Central Regional School Board	189,982	182,108
Conseil Scolaire Acadien Provincial	50,383	45,583
Halifax Regional School Board	415,862	393,331
Nova Scotia Community College	183,118	169,137
P3 Schools Capital and Technology Refresh Fund	95	17
Scotia Learning Centre Technology Refresh Fund	104	—
South Shore Regional School Board	73,495	72,698
Strait Regional School Board	88,020	81,232
Tri-County Regional School Board	66,582	64,169
	1,635,452	1,586,129
Assistance to Universities	485,468	422,589
Energy		
Department of Energy	15,854	34,982
Conserve Nova Scotia	20,245	8,809
Nova Scotia Gas Market Development Initiative Fund	2,559	907
Pengrowth Nova Scotia Energy Scholarship Fund	131	130
	38,789	44,828
Environment		
Department of Environment	27,887	48,396
Resource Recovery Fund Board Inc.	44,965	42,689
	72,852	91,085

Schedule 2

Expenses (continued)

For the fiscal year ended March 31, 2009
($ thousands)

	2009	2008
Finance		
Department of Finance	26,955	28,230
Nova Scotia Government Fund Limited	—	506
Nova Scotia Pension Agency	23,341	19,036
Sydney Steel Corporation	116	31
3052155 Nova Scotia Limited	(323)	91
	50,089	47,894
Fisheries and Aquaculture		
Department of Fisheries and Aquaculture	7,311	6,934
Nova Scotia Sportfish Habitat Fund	260	—
	7,571	6,934
Health		
Department of Health	1,575,204	1,354,679
Annapolis Valley District Health Authority	118,000	106,738
Cape Breton District Health Authority	260,678	227,031
Capital District Health Authority	723,078	690,786
Colchester East Hants Health Authority	67,024	63,604
Cumberland Health Authority	57,242	52,953
Guysborough Antigonish-Strait Health Authority	72,056	66,993
Insured Prescription Drug Plan	—	171,498
Izaak Walton Killam Health Centre	221,455	214,044
Nova Scotia Gaming Foundation	604	389
Nova Scotia Health Research Foundation	6,443	7,496
Pictou County Health Authority	69,835	65,026
Provincial Drug Distribution Program	78,435	74,971
South Shore District Health Authority	73,338	64,856
South West Nova District Health Authority	95,491	87,161
	3,418,883	3,248,225
Health Promotion and Protection		
Department of Health Promotion and Protection	40,969	48,230
Justice		
Department of Justice	238,537	214,755
Nova Scotia Legal Aid Commission	23,102	21,126
	261,639	235,881
Labour and Workforce Development		
Department of Labour and Workforce Development	57,695	23,480

Schedule 2

Expenses (continued)

For the fiscal year ended March 31, 2009
($ thousands)

	2009	2008
Natural Resources		
Department of Natural Resources	85,529	86,889
Acadia Coal Company Limited Fund	1	1
Coal Research Agreement Fund	117	150
Crown Land Silviculture Fund	2,273	2,248
Habitat Conservation Fund	96	114
Nova Scotia E 911 Cost Recovery Fund	4,676	4,645
Off-Highway Vehicle Infrastructure Fund	1,874	749
Species at Risk Conservation Fund	12	70
Sustainable Forestry Fund	2,315	—
	96,893	94,866
Public Service		
Public Service	133,739	105,108
Democracy 250 Act	273	—
Film Nova Scotia	4,089	3,807
Nova Scotia Business Inc.	29,293	27,736
Nova Scotia Innovation Corporation	7,231	7,038
Nova Scotia Nominee Program	22,111	12,578
Interest only for Nova Scotia Nominee Program	15	47
Trade Centre Limited	17,787	16,377
Waterfront Development Corporation Limited	3,178	5,207
	217,716	177,898
Seniors		
Department of Seniors	1,693	1,576
Service Nova Scotia and Municipal Relations		
Department of Service Nova Scotia and Municipal Relations	244,388	237,497
Nova Scotia Municipal Finance Corporation	325	424
	244,713	237,921
Tourism, Culture and Heritage		
Department of Tourism, Culture and Heritage	58,467	55,425
Art Gallery of Nova Scotia	4,375	4,041
	62,842	59,466
Transportation and Infrastructure Renewal		
Department of Transportation and Infrastructure Renewal	380,778	363,947
Harbourside Commercial Park Inc.	153	160
Nova Scotia Lands Inc.	654	535
	381,585	364,642
Restructuring Costs	72,208	33,643
Pension Valuation Adjustment	85,066	107,504
Loss (Gain) on Disposal of Crown Assets	(1,076)	(4,169)

Schedule 2

Expenses (continued)

For the fiscal year ended March 31, 2009
($ thousands)

	2009	2008
Debt Servicing Costs		
Consolidated Fund	844,240	905,448
Annapolis Valley District Health Authority	405	327
Annapolis Valley Regional School Board	421	412
Cape Breton District Health Authority	1,170	981
Cape Breton Victoria Regional School Board	315	297
Capital District Health Authority	7,489	6,956
Chignecto-Central Regional School Board	731	694
Colchester East Hants Health Authority	276	208
Conseil Scolaire Acadien Provincial	93	85
Cumberland Health Authority	241	183
Guysborough Antigonish-Strait Health Authority	316	270
Halifax Regional School Board	1,367	1,419
Izaak Walton Killam Health Centre	994	792
Nova Scotia Community College	1,175	1,082
Nova Scotia Government Fund Limited	—	244
Nova Scotia Housing Development Corporation	26,543	31,699
Nova Scotia Innovation Corporation	63	66
Nova Scotia Legal Aid Commission	193	146
Nova Scotia Municipal Finance Corporation	516	910
Pictou County Health Authority	314	242
South Shore District Health Authority	325	255
South Shore Regional School Board	32	78
South West Nova District Health Authority	443	346
Strait Regional School Board	249	236
Tri-County Regional School Board	139	76
Waterfront Development Corporation Limited	107	246
Waycobah School Assistance Fund	3	—
	888,160	953,698
Total Expenses	9,168,269	8,833,612

Schedule 3

Loans and Investments

As at March 31, 2009
($ thousands)

	Loans and Investments	Provisions	Net 2009	Net 2008
Loans of the Consolidated Fund:				
Agriculture and Rural Credit Act	193,833	23,088	170,745	169,438
Fisheries Development Act	84,659	247	84,412	88,968
Housing Development Act	132,973	23,540	109,433	58,399
Industrial Development Act	131,300	83,700	47,600	30,420
Venture Corporations Act	809	809	—	—
Loans to Municipalities				
Municipal Loan and Building Fund Act	225	—	225	300
Educational & Services Products (NS) Ltd	15	—	15	—
Education - Student Loans Direct Lending	153,879	56,623	97,256	—
Miscellaneous	709	—	709	709
Nova Scotia Market Development Initiative Fund	5,600	—	5,600	5,600
	704,002	188,007	515,995	353,834
Loans of Governmental Units:				
Nova Scotia Business Incorporated	123,427	37,046	86,381	92,564
Nova Scotia Innovation Corporation	255	—	255	224
Nova Scotia Municipal Finance Corporation	700,121	—	700,121	690,169
Resource Recovery Fund Board	464	—	464	1,114
Waterfront Development Corporation	1,083	—	1,083	874
	825,350	37,046	788,304	784,945
Total Loans	1,529,352	225,053	1,304,299	1,138,779
Investments of the Consolidated Fund:				
Housing Development Act	2,043	105	1,938	1,933
Industrial Development Act	7,235	3,435	3,800	7,409
	9,278	3,540	5,738	9,342
Investments of Governmental Units:				
Art Gallery of Nova Scotia	1,873	—	1,873	1,921
Nova Scotia Business Incorporated	33,453	14,014	19,439	15,371
Nova Scotia Innovation Corporation	15,795	—	15,795	16,729
Resource Recovery Fund Board	—	—	—	1,000
	51,121	14,014	37,107	35,021
Total Investments	60,399	17,554	42,845	44,363
Total Loans and Investments	1,589,751	242,607	1,347,144	1,183,142

Notes:

The Provisions listed above include amounts for possible guarantee payouts related to the Industrial Development Act $4,000 (2008 - $10,200), the Housing Development Corporation Act $14,247 (2008 - $15,066), and Nova Scotia Business Incorporated $2,934 (2008 - $2,894). Also included in Provisions for the Housing Development Corporation Act is $3,200 (2008 - $3,200) for interest fluctuations.

Schedule 4

Unmatured Debt
As at March 31, 2009
($ thousands)

	Gross Debt	Sinking Funds and Defeasance Assets	Net Debt 2009	Net Debt 2008
Governmental Units				
Consolidated Fund	12,180,095	2,211,712	9,968,383	9,018,175
Nova Scotia Housing Development Corporation	252,156	–	252,156	263,662
Nova Scotia Municipal Finance Corporation	2,573	–	2,573	7,799
Nova Scotia Power Finance Corporation	1,078,060	1,078,060	–	–
Waterfront Development Corporation Limited	125	–	125	930
Other	1,559	–	1,559	1,768
Unmatured Debt of Governmental Units	13,514,568	3,289,772	10,224,796	9,292,334
Government Business Enterprises				
Halifax-Dartmouth Bridge Commission	57,000	–	57,000	60,000
Highway 104 Western Alignment Corporation	72,348	–	72,348	73,874
Nova Scotia Gaming Corporation	24,354	–	24,354	19,037
Nova Scotia Liquor Corporation	3,491	–	3,491	4,465
Unmatured Debt of Government Business Enterprises	157,193	–	157,193	157,376
Total Unmatured Debt	13,671,761	3,289,772	10,381,989	9,449,710

Notes:
All debt is presented in Canadian dollar equivalents and after giving effect to currency swap contracts itemized in Note 5.

The current and long-term portions of unmatured debt of Governmental Units are shown on the Consolidated Statement of Financial Position with reference to this schedule. Debt of Government Business Enterprises is reflected in the Investment in Government Business Enterprises and in further detail in Schedule 6.

As of March 31, 2009, the Consolidated Fund held Sinking Funds and Public Debt Retirement Funds of $2,211.7 million. These funds were comprised of $2,069.3 million in Sinking Funds and $142.4 million in Public Debt Management Funds. The total market value of both funds is $2,543.0 million at year-end. During the year, contributions were $61.5 million, total earnings were $118.5 million and there were no redemptions.

Schedule 4

Unmatured Debt (continued)

As at March 31, 2009
($ thousands)

Notes:
Sinking fund assets are recorded at cost, which includes premiums and discounts associated with the purchase of these investments. These premiums and discounts are amortized on a straight-line basis over the term of the related investment. The unamortized portion of the premiums and discounts is included as part of the value of the sinking funds. As at March 31, 2009, the unamortized net premium was $60.9 million.

Assets consist primarily of debentures of the provinces and Government of Canada with fixed interest rates ranging from 4.4 per cent to 10 per cent. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over a 20-year period unless the term of the issue is longer. At year-end, the province held $1,125.5 million carrying value worth of its own debentures in Sinking Funds and Public Debt Retirement Funds as active investments.

As per the Nova Scotia Power Corporation Privatization Agreement, Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other provincial governments and utilities, federal US bonds, coupons or residuals. This debt is shown net of defeasance assets on the Statement of Financial Position.

Projected Payments

($ thousands)

	Governmental Units			Government Business Enterprises	Total
	Net Principal Repayments	Sinking Fund Requirements	Total Payments		
2010	695,777	95,319	791,096	13,645	804,741
2011	684,689	95,319	780,008	22,671	802,679
2012	1,617,980	95,319	1,713,299	6,154	1,719,453
2013	719,542	95,319	814,861	5,287	820,148
2014	1,013,461	75,837	1,089,298	5,529	1,094,827
2015 & thereafter	4,587,338	448,896	5,036,234	103,907	5,140,141
	9,318,787	906,009	10,224,796	157,193	10,381,989

Net principal repayments are comprised of the principal amount due less available designated sinking funds to retire the debenture.

In addition, the province has approximately $939.0 million in unrestricted sinking funds that can be used towards the retirement of any unmatured debt. The use of these funds is evaluated each year based on a detailed analysis of cash requirements and market conditions.

Schedule 5

Gross Long-Term Debt
As at March 31, 2009
($ thousands)

	Foreign Exchange Rate	CDN $ Amount	Maturity Dates	Interest Rates
Governmental Units:				
		Debentures		
Consolidated Fund				
Consolidated Fund (CDN$)		11,832,579	2009 to 2038	2.50% to 15.998%
Consolidated Fund (US$)	1.2602	—	2012 to 2022	5.12% to 9.50%
Consolidated Fund (UK£)	1.8022	—	2011 to 2019	11.75% to 16.75%
Consolidated Fund (Euro)	1.6710	—	2010	4.48%
Nova Scotia Municipal Finance Corporation		2,573	2009 to 2018	1.00% to 2.62%
Nova Scotia Power Finance Corporation				
Nova Scotia Power Finance Corporation (CDN$)		700,000	2012 to 2031	10.25% to 11.25%
Nova Scotia Power Finance Corporation (US$ 300,000)	1.2602	378,060	2021	9.40%
Total - Debentures		12,913,212		
		Loans		
Consolidated Fund - Other Debt		225	2009 to 2011	7.75% to 8.375%
Nova Scotia Housing Development Corporation		252,156	2009 to 2034	4.0% to 21.50%
Waterfront Development Corporation		125	Demand Loan	Bank prime less 1.125%
Total - Loans		252,506		
		Capital Leases		
Consolidated Fund		347,291	2009 to 2027	4.25% to 11.00%
Other		1,559	2010 to 2011	5.00% to 8.00%
Total - Capital Leases		348,850		
Total - Long-term Debt of Governmental Units		**13,514,568**		

Schedule 5

Gross Long-Term Debt (continued)

As at March 31, 2009
($ thousands)

	CDN $ Amount	Maturity Dates	Interest Rates
Government Business Enterprises:			
	Debentures		
Highway 104 Western Alignment Corporation	72,348	2026	10.13%
	Loans		
Halifax-Dartmouth Bridge Commission	57,000	2019	5.13%
Nova Scotia Gaming Corporation	24,354	2011	variable
	Capital Leases		
Nova Scotia Liquor Corporation	3,491	2012	13.80%
Total Long-term Debt of Government Business Enterprises	**157,193**		
Total Gross Long-term Debt	**13,671,761**		

Call, Redemption and Other Features:

Consolidated Fund

Canadian debentures include the following redeemable issues:

-$1,079.4 million in CPP debentures, which are redeemable in whole or in part before maturity, on six months notice, at the option of the Minister of Finance of Canada;

The interest rates shown for the Canadian and US debentures reflect the fixed rates only. There are debentures that have floating rates. Floating interest rates are adjusted on either a monthly or quarterly basis.

Housing Development Corporation

Mortgages and notes payable are secured by investments in social housing.

Highway 104 Western Alignment Corporation

The Corporation has provided an assignment of all the present and future property and assets, including rights to operate the facility, and a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.

Schedule 6

Government Business Enterprises

As at March 31, 2009
($ thousands)

	2009					2008
	Halifax - Dartmouth Bridge Commission	Highway 104 Western Alignment Corporation	Nova Scotia Gaming Corporation	Nova Scotia Liquor Corporation	Total	Total
Cash	10,435	768	10,927	5,546	27,676	27,233
Accounts Receivable	486	724	—	2,200	3,410	4,695
Inventory	—	7	1,666	35,693	37,366	37,045
Tangible Capital Assets	74,329	95,484	98,963	44,403	313,179	301,356
Other Assets	2,294	38,777	1,931	826	43,828	41,730
Total Assets	87,544	135,760	113,487	88,668	425,459	412,059
Accounts Payable	4,690	1,903	2,216	66,325	75,134	75,497
Long-term Debt	57,000	72,348	24,354	3,491	157,193	157,376
Other Liabilities	4,005	42,838	86,917	18,852	152,612	152,360
Total Liabilities	65,695	117,089	113,487	88,668	384,939	385,233
Equity	21,849	18,671	—	—	40,520	26,826
Total Liabilities and Equity	87,544	135,760	113,487	88,668	425,459	412,059
Revenue	33,567	21,259	440,895	564,037	1,059,758	1,020,779
Expenses	21,425	8,572	306,658	349,907	686,562	658,000
Debt Servicing	3,773	7,483	843	1,517	13,616	18,621
Total Expenses	25,198	16,055	307,501	351,424	700,178	676,621
Net Income	8,369	5,204	133,394	212,613	359,580	344,158

NOVA SCOTIA

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2009

Halifax-Dartmouth Bridge Commission

The Halifax-Dartmouth Bridge Commission (the Commission) was created in 1950 by a special statue of the Province of Nova Scotia (now the Halifax-Dartmouth Bridge Commission Act). The purpose of the Commission is to construct, maintain, and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm. The Commission currently operates and maintains two toll bridges across the Halifax Harbour, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. Bridge tolls are regulated by the Nova Scotia Utility and Review Board, a provincially controlled public sector entity.

Effective January 1, 2008, the Commission moved to a full straight line method for calculating depreciation on all assets. The estimated remaining useful life of the bridges is periodically updated based on consultation with the Commission's external engineers. In addition, the Commission's fiscal year end has been changed from December 31 to March 31.

On July 25, 2007 the Commission entered into a long-term loan agreement with the Province for $60.0 million with a final maturity date of December 4, 2019. This agreement requires eleven consecutive annual installments of $3.0 million commencing with an installment payment on December 4, 2008 and for each year thereafter with the final principal repayment amount of $27.0 million along with all accrued and unpaid interest thereon due on the final maturity date of December 4, 2019. Interest is payable semi-annually on June 4 and December 4 of each year. The average interest rate over the 12-year period is 5.13 per cent. In addition, the agreement requires that two reserve funds, the OM Fund and Debt Service Fund, be maintained. Effective June 4, 2008, a Capital Fund was also established.

On April 4, 2008, the Commission received $2.6 million from the Province for repairs to the infrastructure known as the Victoria Road Interchange (VRI) on Highway 111. The Province also transferred the net book value of the VRI in the amount of $0.6 million to the Commission.

On June 30, 2008, the Commission entered into a Line of Credit agreement for $60.0 million with the Province. There have been no borrowings against this line of credit as of March 31, 2009.

Highway 104 Western Alignment Corporation

The Corporation has been established for the purpose of financing, designing, constructing, operating, and maintaining a 45 km stretch of highway between Masstown and Thomson Station in the counties of Colchester and Cumberland, Nova Scotia. The Corporation's fiscal year end is March 31. The Province of Nova Scotia retains ownership of the highway. The Corporation is granted the right to operate the highway and collect tolls for a 30-year period, pursuant to an agreement dated April 1, 1996, after which time the right will revert to the Province.

The Province contributed $55.0 million toward the construction of the highway, one-half of which was recovered from the Federal Government under the Canada-Nova Scotia Strategic Highway Improvement Program. There were no contributions in the current or previous year.

On May 22, 1996, the Corporation entered into an operating agreement with Atlantic Highways Management Corporation whereby compensation is based on the annual operating budget plus a variable fee.

A thirty year agreement between the Corporation and the Department of Transportation and Infrastructure Renewal to provide annual roadway maintenance services is renewable in five year increments and was renewed in the current year. For the upcoming fiscal years, the annual fee of $1.0 million will be adjusted annually for inflation. During the year, the Corporation incurred management fees of $56,718 (2008-$75,583) from the Province of Nova Scotia.

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2009

At March 31, 2009, the Corporation has a receivable recorded from the Province in the amount of $0.6 million (2008- $0.7 million).

Restricted assets, consisting primarily of investments in the amount of $38.3 million (2008 - $33.6 million), are included in other assets. These reserve accounts were established in accordance with trust indenture agreements between the Corporation, bondholders, and an Omnibus Agreement between the Corporation and the Province.

Nova Scotia Gaming Corporation

The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Acts of 1994-95, the Gaming Control Act. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery business on behalf of the Province of Nova Scotia. The Corporation's fiscal year end is March 31. Revenues of the Corporation are derived from two casinos, located in Halifax and Sydney, and ticket and video lottery sales. The net balance owing to the Province at March 31, 2009 is $68.4 million (2008 - $66.4 million).

Unclaimed prizes are retained by the Corporation in a prize fund for one year from the announced beginning date of the draw. As at March 31, 2009, this amounted to $2.5 million (2008 - $2.7 million). This $2.5 million of restricted cash is included in cash.

Video Lottery (VL) retailers in Nova Scotia have agreed, under the terms of their agreements with Atlantic Lottery Corporation Inc., to contribute 1 per cent of their VL commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the VL retailers.

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows: The Department of Tourism, Culture and Heritage (in support of the Cultural Federation of NS), The Department of Agriculture (in support of the Exhibition Association of Nova Scotia), and the Department of Health Promotion and Protection (in support of Sport Nova Scotia). These payments totaled $0.2 million in 2009 (2008-$0.2 million). Additionally, as part of its Gaming Strategy, the Government of Nova Scotia approved a contribution of $3.0 million to Nova Scotia Health Promotion and Protection in 2009 (2008-$3.0 million) to fund problem gambling treatment. The Corporation annually contributes to the Nova Scotia Harness Racing Fund amounts approved by the Minister of Finance. The Government of Nova Scotia approved a contribution of $1.0 million in 2009 to support the harness racing industry in Nova Scotia.

Nova Scotia Liquor Corporation

The Corporation derives its mandate from the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989. The Corporation was created June 1, 2001, by Chapter 4 of the Government Restructuring (2001) Act, via continuance of the Nova Scotia Liquor Commission as a body corporate.

The Corporation operates retail sales locations across the province and has a fiscal year end of March 31. The net balance owing to the Province at March 31, 2009 is $39 million (2008 - $31.7 million).

Schedule 7

Tangible Capital Assets
As at March 31, 2009
($ thousands)

	2009						2008
	Land	Buildings and Land Improvements	Machinery Computers and Equipment	Vehicles and Ferries	Roads, Bridges and Highways	Total	Total
Costs							
Opening Costs	602,853	3,577,322	1,048,896	115,847	1,142,280	6,487,198	6,082,678
Additions	13,237	191,951	90,625	5,196	202,304	503,313	437,103
Disposals	(65)	(834)	(15,829)	(5,020)	(14)	(21,762)	(32,583)
Closing Costs	616,025	3,768,439	1,123,692	116,023	1,344,570	6,968,749	6,487,198
Accumulated Amortization							
Opening Accumulated Amortization	–	(1,360,782)	(744,835)	(71,135)	(460,059)	(2,636,811)	(2,394,561)
Disposals	–	645	13,003	4,390	–	18,038	25,110
Amortization Expense	–	(111,510)	(70,441)	(10,276)	(88,157)	(280,384)	(267,360)
Closing Accumulated Amortization	–	(1,471,647)	(802,273)	(77,021)	(548,216)	(2,899,157)	(2,636,811)
Net Book Value	616,025	2,296,792	321,419	39,002	796,354	4,069,592	3,850,387
Opening Balance	602,853	2,216,540	304,061	44,712	682,221	3,850,387	3,688,117
Closing Balance	616,025	2,296,792	321,419	39,002	796,354	4,069,592	3,850,387
Increase (Decrease) in Net Book Value	13,172	80,252	17,358	(5,710)	114,133	219,205	162,270

Schedule 7

Notes to Schedule 7
($ thousands)

Amortization is calculated on a declining balance basis for assets of the Consolidated Fund. The amortization percentages of the more common tangible capital assets are: buildings and land improvements (5-30 per cent); machinery, computers and equipment (15-50 per cent); vehicles and ferries (15-35 per cent); and roads, bridges and highways (5-15 per cent). Capital leases are amortized on a straight-line basis over the length of each lease (3-25 years).

Amortization is generally calculated on a straight-line basis for assets of other governmental units. The estimated useful lives of the more common tangible capital assets are: buildings (including leasehold improvements) and land improvements (2-50 years); machinery, computers and equipment (3-50 years); and vehicles and ferries (3-7 years). Capital leases are amortized on a straight-line basis (generally 5-45 years).

Social Housing assets are included in Buildings and Land Improvements and relate to the Housing Development Corporation. These assets are amortized using the straight-line method. The net book value of these assets is $320,905 (2008 - $320,688).

Included in the closing costs totals of the various classes as of March 31, 2009, are costs for assets under construction, which have not yet begun to amortize. These costs are buildings and land improvements - $135,404; machinery, computers and equipment - $53,391; vehicles and ferries - $1,155; and roads, bridges and highways - $50,337.

Capital leases are included in the various categories as follows: buildings and land improvements – cost $472,225, accumulated amortization ($214,395); machinery, computers and equipment – cost $40,774, accumulated amortization ($33,773); and vehicles and ferries – cost $16,384, accumulated amortization ($7,222).

Schedule 8

Direct Guarantees
As at March 31, 2009
($ thousands)

	Authorized 2009	Utilized 2009	Utilized 2008
Bank Loans:			
Nova Scotia Business Incorporated	3,534	3,534	5,008
Industrial Development Act	39,620	22,833	77,152
Nova Scotia Fisheries and Aquaculture Loan Board	100	100	100
Department of Education - Student Loan Program	42,995	42,995	157,004
Total - Bank Loan Guarantees	86,249	69,462	239,264
Promissory Notes:			
3052155 NS Limited to Canada-Nova Scotia Offshore Petroleum Board	2,500	2,500	2,500
Total - Promissory Note Guarantees	2,500	2,500	2,500
Mortgages:			
Housing Development Corporation Act	11,275	11,275	11,096
Housing Development Corporation Act - CMHC Indemnities	117,487	117,487	126,248
Provincial Finance Act	101	101	127
Total - Mortgage Guarantees	128,863	128,863	137,471
Other Guarantees:			
Aliant Telecom MASH Sector	3	3	116
Equity Tax Credit Act - Community Economic Development Investment Funds	713	713	1,365
Total - Other Guarantees	716	716	1,481
Total - Direct Guarantees	218,328	201,541	380,716
Less Provision for Guarantee Payout:			
Industrial Development Act		(4,000)	(10,200)
Nova Scotia Business Incorporated		(2,934)	(2,894)
Department of Education - Student Loan Program		(8,982)	(32,248)
Housing Development Corporation Act		(14,247)	(15,066)
3052155 Nova Scotia Limited		(100)	(500)
		(30,263)	(60,908)
Less Provision for Student Debt Reduction Program:			
Department of Education - Student Loan Program		(3,599)	(15,771)
Net Direct Guarantees not provided for in these statements		167,679	304,037

Schedule 9

Segment Reporting
As at March 31, 2009

Segment reporting is designed to assist users to identify the resources allocated to support the major activities of government and to better understand the performance of segments.

The following schedules provide segment information for the 2009 and 2008 fiscal years. The province has determined that the following segments represent the major activities for the government.

Health — The provision of such services and institutions to the public that will lead to a higher state of personal health.

Education — The provision of all aspects and phases of training to equip people with necessary skills to pursue productive lives.

Infrastructure & Public Works — The provision of the means to facilitate the effective and efficient movement of persons and property. This includes the net results of the Halifax-Dartmouth Bridge Commission and the Highway 104 Western Alignment Corporation.

Social Services — The provision of services and assistance to economically and/or socially disadvantaged persons requiring aid.

Natural Resources & Economic Development — The provision for the maintenance and upkeep, efficient extraction and processing of the natural attributes of the province with the aim of creating employment and contributing to the material well-being of residents.

Other — The provision of all other essential services which are necessary for the efficient and effective operation of government. This also includes items which assure a benefit to the whole of government and cannot be identified with any other function.

Unallocated — Revenues and expenses that cannot be directly allocated on a reasonable basis to individual segments because they support a wide range of service delivery activities or relate to general administration activities that are not identified as a separate segment. This includes items like tax revenues, sinking fund earnings, debt servicing costs, and the pension valuation adjustment.

Segment Reporting
For the fiscal year ended March 31, 2009
($ thousands)

Schedule 9

	Health	Education	Infrastructure & Public Works	Social Services	Natural Resources & Economic Development	Other	Unallocated	Eliminations	Total
Revenue									
Provincial Sources	31,888	23,839	13,573	26,763	37,076	224,328	4,694,947	(109,238)	4,943,176
Federal Sources	42,139	45,177	34,905	70,997	33,593	50,958	2,725,676	—	3,003,445
Other Revenue	291,399	353,717	12,139	69,944	139,468	226,502	49,886	(18,090)	1,124,965
Sinking Fund Earnings	—	—	—	—	—	—	116,384	—	116,384
Total Revenues	365,426	422,733	60,617	167,704	210,137	501,788	7,586,893	(127,328)	9,187,970
Expenses									
Grants and Subsidies	1,271,584	633,147	1,591	696,933	177,811	256,176	—	19,270	3,056,512
Salaries and Employee Benefits	1,472,305	1,057,536	124,388	114,030	151,314	295,885	85,066	(107,239)	3,193,285
Operating Goods and Services	626,746	316,214	125,656	107,429	127,723	110,937	—	(6,281)	1,408,424
Professional Services	76,452	13,293	19,691	5,244	19,476	134,744	—	(688)	268,212
Amortization	78,106	62,334	109,657	15,162	5,021	10,104	—	—	280,384
Debt Servicing Costs	—	—	—	—	—	—	918,509	(30,349)	888,160
Other	—	42,332	—	—	33,790	287	(1,076)	(2,041)	73,292
Total Expenses	3,525,193	2,124,856	380,983	938,798	515,135	808,133	1,002,499	(127,328)	9,168,269
Segment Result	(3,159,767)	(1,702,123)	(320,366)	(771,094)	(304,998)	(306,345)	6,584,394	—	19,701

Segment Reporting
For the fiscal year ended March 31, 2008
($ thousands)

Schedule 9

	Health	Education	Infrastructure & Public Works	Social Services	Natural Resources & Economic Development	Other	Unallocated	Eliminations	Total
Revenue									
Provincial Sources	52,203	11,817	11,289	23,902	50,580	215,799	4,678,027	(114,055)	4,929,562
Federal Sources	56,229	73,006	30,526	66,463	7,490	64,808	2,784,701	—	3,083,223
Other Revenue	309,423	336,416	10,200	70,947	137,889	225,534	54,232	(17,719)	1,126,922
Sinking Fund Earnings	—	—	—	—	—	—	112,834	—	112,834
Total Revenues	417,855	421,239	52,015	161,312	195,959	506,141	7,629,794	(131,774)	9,252,541
Expenses									
Grants and Subsidies	1,153,704	585,774	5,964	675,662	200,887	229,395	—	(29,832)	2,821,554
Salaries and Employee Benefits	1,292,835	981,455	121,175	107,658	139,953	246,924	107,504	(68,567)	2,928,937
Operating Goods and Services	768,071	321,531	130,399	118,312	124,833	110,276	—	(5,818)	1,567,604
Professional Services	65,851	12,184	14,660	5,839	13,569	124,878	—	—	236,981
Amortization	80,337	60,136	96,031	13,932	4,938	11,986	—	—	267,360
Debt Servicing Costs	—	—	—	—	—	—	978,047	(24,349)	953,698
Other	—	44,320	—	—	20,351	184	(4,169)	(3,208)	57,478
Total Expenses	3,360,798	2,005,400	368,229	921,403	504,531	723,643	1,081,382	(131,774)	8,833,612
Segment Result	(2,942,943)	(1,584,161)	(316,214)	(760,091)	(308,572)	(217,502)	6,548,412	—	418,929

Schedule 10

Government Reporting Entity
As at March 31, 2009

Listed below are the governmental units, government business enterprises and government partnership arrangements that comprise the government reporting entity.

Governmental Units
(Consolidation Method)

Acadia Coal Company Limited Fund
AgraPoint International Incorporated
AgriTECH Park Incorporated
Annapolis Valley District Health Authority
Annapolis Valley Regional School Board
Art Gallery of Nova Scotia
Bioscience Enterprise Centre Incorporated
Cape Breton District Health Authority
Cape Breton Victoria Regional School Board
Capital District Health Authority
Check Inns Limited (inactive)
Chignecto-Central Regional School Board
Coal Research Agreement Fund
Colchester East Hants Health Authority
Conserve Nova Scotia
Conseil Scolaire Acadien Provincial
Consolidated Fund (1)
CorFor Capital Repairs & Replacements Fund
Crown Land Mine Remediation Fund
Crown Land Silvaculture Fund
Cumberland Health Authority
Democracy 250
Film Nova Scotia
Gaming Addiction Treatment Trust Fund
Guysborough Antigonish-Strait Health Authority
Habitat Conservation Fund
Halifax Regional School Board
Harbourside Commercial Park Incorporated
  Sydney Utilities Limited
Industrial Expansion Fund
Izaak Walton Killam Health Centre
Law Reform Commission
Mainstream 1992 Fund
Muggah Creek Remediation Fund
Nova Scotia Arts Council (inactive)
Nova Scotia Blueberry Institute Fund
Nova Scotia Business Incorporated
Nova Scotia Community College
  Nova Scotia Community College Foundation
Nova Scotia Coordinate Referencing System Trust Fund
Nova Scotia Crop and Livestock Insurance Commission
Nova Scotia E911 Cost Recovery Fund
Nova Scotia Environmental Trust
Nova Scotia Farm Loan Board
Nova Scotia Fisheries and Aquaculture Loan Board
Nova Scotia Gaming Foundation
Nova Scotia Gas Market Development Initiative Fund
Nova Scotia Government Acadian Bursary Program Fund
Nova Scotia Harness Racing Incorporated (inactive)
Nova Scotia Health Research Foundation
Nova Scotia Housing Development Corporation
  Annapolis Valley Housing Authority
  Cape Breton Island Housing Authority
  Cobequid Housing Authority
  Eastern Mainland Housing Authority
  Metropolitan Regional Housing Authority
  South Shore Housing Authority
  Tri-County Housing Authority
Nova Scotia Innovation Corporation
  1402998 Nova Scotia Limited
  3039255 Nova Scotia Limited
  3087532 Nova Scotia Limited
Nova Scotia Lands Incorporated
Nova Scotia Legal Aid Commission
Nova Scotia Municipal Finance Corporation
Nova Scotia Nominee Program Fund
Nova Scotia Pension Agency
Nova Scotia Power Finance Corporation
Nova Scotia Primary Forest Products Marketing Board
Nova Scotia School Boards Association (2)
Nova Scotia School Insurance Exchange (3)
Nova Scotia School Insurance Program Association (3)
Nova Scotia Sportfish Habitat Fund
Nova Scotia Strategic Opportunities Fund Incorporated
Nova Scotia Utility and Review Board
Off-Highway Vehicle Infrastructure Fund
P3 Schools Capital & Technology Refresh Fund (4)

(1) – Includes all departments and public service units of the Nova Scotia Provincial Government
(2) – Entity is a partnership controlled by the eight school boards.
(3) – Entity is a partnership controlled by the eight school boards and the Community College
(4) – This includes all refresh funds related to P3 schools.

Schedule 10

Government Reporting Entity (continued)
As at March 31, 2009

Governmental Units (continued)
(Consolidation Method)

Pengrowth Nova Scotia Energy Scholarship
Pictou County Health Authority
Provincial Drug Distribution Program
Public Archives of Nova Scotia
Public Debt Management Fund
Resource Recovery Fund Board Incorporated
Rockingham Terminal Incorporated (inactive)
Scotia Benefit Fund
Scotia Learning Technology Refresh Fund
Sherbrooke Restoration Commission
South Shore District Health Authority
South Shore Regional School Board
South West Nova District Health Authority
Species-at-risk Conservation Fund
Strait Regional School Board
Sustainable Forestry Fund
Sydney Environmental Resources Limited (inactive)
Sydney Steel Corporation
Sydney Tar Ponds Agency
Sysco Decommissioning Fund
Trade Centre Limited
  Maritime Fall Fair Association
Tri-County Regional School Board
Upper Clements Family Theme Park Limited (inactive)
Waterfront Development Corporation Limited
  3104102 Nova Scotia Limited
Waycobah School Assistance Fund
3052155 Nova Scotia Limited

Government Business Enterprises
(Modified Equity Method)

Halifax-Dartmouth Bridge Commission
Highway 104 Western Alignment Corporation
Nova Scotia Gaming Corporation
  Atlantic Lottery Corporation (25% ownership)
  Interprovincial Lottery Corporation (10% ownership)
Nova Scotia Liquor Corporation

Government Partnership Arrangements
(Proportionate Consolidation Method)

Atlantic Provinces Special Education Authority
  (approximately 55% share)
Canada-Nova Scotia Offshore Petroleum Board (50% share)
Canadian Sports Centre Atlantic (approximately 8% share)
Council of Atlantic Premiers (approximately 45% share)

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2009

1. Financial Reporting and Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, that for purposes of the province's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA and International Federation of Accountants accounting standards or pronouncements.

These consolidated financial statements have been prepared using the following significant accounting policies:

a) The Government Reporting Entity

The Government Reporting Entity (GRE) is comprised of the Consolidated Fund, other Governmental Units (GUs), Government Business Enterprises (GBEs) and Government Partnership Arrangements (GPAs). GUs and GBEs represent the entities that are controlled by the government. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend legislation or agreements. GPAs represent entities for which decision making and significant risks and benefits are shared with other parties outside of the GRE.

Trusts administered by the province are excluded from the reporting entity and are disclosed separately on the Statement of Financial Position for information purposes only.

b) Principles of Consolidation

A GU is a government organization that is not a GBE. GUs include government departments, public service units, funds, agencies, service organizations, boards, government not-for-profit organizations and government business-type organizations. The accounts of GUs are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1 (c), with the exception of Tangible Capital Assets. Significant inter-organization accounts and transactions are eliminated.

A GBE is a self-sustaining organization that has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. GBEs have been accounted for on the modified equity basis which does not require any accounting policy adjustments. The total net equity of all GBEs is included in the Statement of Financial Position. The total net income is shown as a separate item in the Statement of Operations and Accumulated Deficits.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2009

A GPA is a contractual arrangement between the government and a party or parties outside the reporting entity. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership. Where significant, the government's interest in partnerships is accounted for on the proportionate consolidation method.

A complete listing of the organizations within the GRE is provided in Schedule 10.

c) Significant Accounting Policies

Revenues
Revenues are recorded on the accrual basis. The main components of revenue are interest, various taxes and legislated levies. Revenues from Personal and Corporate Income Taxes, as well as Harmonized Sales Taxes are accrued in the year earned based upon estimates using statistical models. These revenues are recorded at the net amount estimated, after considering adjustments for tax credits and administrative costs related to the collection and processing performed by the federal government.

Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met. Transfers are recorded as deferred revenue if they are restricted for a stated purpose, such as a specific program or the purchase of tangible capital assets.

Expenses
Expenses are recorded on the accrual basis and are reported in more detail in Note 9 – Expenses by Object. Grants are recognized in the period during which the grant is authorized and any eligibility criteria are met. Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

Financial Assets
Cash and Short-term Investments are recorded at cost, which approximates market value. Investments are R-1 (low, mid, high) rated federal and provincial government bills or promissory notes, bankers' acceptances, term deposits and commercial paper. Terms of investments are generally 1 to 90 days. The average interest rate is 0.41 per cent at year-end.

Accounts Receivable and Advances are recorded at the principal amount less valuation allowances.

Inventories for Resale are held for sale in the ordinary course of operations and are recorded at the lower of cost and net realizable value.

Loans are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by the province and is recognized as an expense at the date of issuance of the loan. Any loan write offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

NOVA SCOTIA

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2009

Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by the province and is recognized as an expense at the date of issuance of the investment. Any write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

Liabilities

Bank Advances and Short-term Borrowings have initial maturities of one year or less and are recorded at cost that approximates market value. Short-term Borrowings had a weighted average interest rate of 0.94 per cent at year-end on Canadian dollar borrowings.

Unmatured Debt consists of debentures and various loans in Canadian and foreign currencies and capital leases. Debt is recorded at par, net of sinking funds (including public debt management funds).

Hedge accounting is used when financial instruments form a hedging relationship, the relationship is highly effective and it is considered to be consistent with the province's financial risk management goals.

Sinking Fund and Public Debt Retirement Fund investments are recorded at cost and consist primarily of debentures of the Province of Nova Scotia, other provincial governments and the Government of Canada. Premiums and discounts on sinking funds are deferred and amortized over the life of the investment. Amortization and realized gains and losses for premiums and discounts relating to sinking fund balances and installments are netted against sinking fund earnings.

Unamortized Foreign Exchange Translation Gains and Losses result when debentures payable in foreign currencies, and sinking funds invested in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at March 31 and upon entering into derivative contracts. Foreign exchange gains and losses on the translation of foreign currency are amortized on a straight-line basis over the remaining term of the related monetary issue.

Premiums and discounts, as well as underwriting commissions relating to the issuance of debentures, are deferred and amortized over the term of the related debt. Amortization and realized foreign exchange gains and losses, premiums and discounts relating to debt balances, serial retirements, sinking fund balances and installments are charged to debt servicing costs except as noted above.

Pension, Retirement and Other Obligations include various employee future benefit plans. Pension liabilities for defined benefit plans are calculated using the projected benefit actuarial method using accounting assumptions that reflect the province's best estimates of performance over the long-term. The projected benefit actuarial method attributes the estimated cost of retirement benefits to the periods of employee service. The net pension liability represents accrued pension benefits less the market related value of pension assets (if applicable) and the balance of unamortized experience gains and losses. The market related values are determined in a rational and systematic manner so as to recognize asset market value gains and losses over a five-year period. The pension benefit plan for the majority of health sector employees is offered by a multi-employer plan administrator and is not sponsored by the province. Employer contributions to this plan are expensed in the period paid. The accrued benefit asset (liability) of this plan is not recognized in these financial statements.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2009

Net Direct Debt
Net Direct Debt represents the direct liabilities of the province less financial assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues.

Non-Financial Assets
Tangible Capital Assets have useful lives extending beyond the accounting period, are held for use in the production and supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at gross historical cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development and installation of the tangible capital asset, except interest. Tangible Capital Assets include land, buildings, major equipment and software, vehicles, ferries, roads, highways, and bridges. Tangible capital assets do not include intangibles or assets acquired by right, such as forests, water and mineral resources or works of art and historical treasures. Tangible capital assets are amortized to expense over the useful lives of the assets. The amortization methods and rates selected by entities other than the Consolidated Fund are not adjusted to the methods and rates used by the Consolidated Fund.

Inventories of Supplies are held for consumption or use by the province in the course of its operations. All entities record inventory at the lower of cost and net realizable value.

Prepaid Expenses are cash disbursements for goods or services, other than Tangible Capital Assets and Inventories of Supplies, of which some or all will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

Accumulated Deficits
Accumulated Deficits represent the direct liabilities of the province less financial assets, non-financial assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues. This represents the accumulated balance of net surpluses/deficits arising from the operations of the province.

d) Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accruals for such items as pension, retirement and other obligations, environmental remediation obligations, federal, and provincial source revenues. The nature of the uncertainty in the accruals for pension, retirement and other obligations arises because actual results may differ significantly from the province's various assumptions about plan members and economic conditions in the marketplace. Uncertainty exists for environmental remediation obligations because the actual extent of remediation activities required may differ significantly based on the actual extent of site contamination and the chosen remediation process. Uncertainty related to Sales and Income Taxes, petroleum royalties, CHT and CST arises because of the possible differences between the estimated and actual economic growth and other assumptions used in statistical models to accrue these revenues.

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2. Accounting Changes

There were no significant accounting changes made during the 2009 fiscal year.

3. Restricted Cash and Short-Term Investments

As at March 31, 2009 restricted cash and short-term investments of $90.2 million (2008 - $95.3 million) have been designated for restricted purposes by parties external to the province. Restricted cash includes $48.8 million for future housing expenditures from the Nova Scotia Housing Development Corporation; $24.9 million from Capital District Health Authority for the Centre for Clinical Research and other purposes; $9.0 million for gas market development from the Nova Scotia Market Development Initiative; and $7.5 million for various other purposes.

4. Deferred Revenue

Receipts are recorded as deferred revenue if they are restricted by external parties for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized into revenue over time as the recognition criteria are achieved or is drawn down to reimburse third parties as conditions are met. The balance includes the following components:

($ thousands)

	2009	2008
Offshore Accord	541,357	647,241
C-52 Federal Trusts Agreement	62,685	71,115
Office of Immigration's - Nova Scotia Nominee Program (funds held in segregated account)	42,721	64,831
C-48 Federal Trust Agreements	9,955	39,867
Nova Scotia Housing Development Corporation's Social Housing Agreement	48,809	51,516
Early Learning Child Care Funds	38,594	38,772
Capital District Health Authority's Capital and Research Funds	27,229	37,161
Nova Scotia Gas Tax Agreement on Municipal Funding	36,098	19,157
Wait Times Reduction Fund	—	17,056
C-41 Community Development Trust	25,874	—
Nova Scotia Gas Market Development Initiative Fund	11,719	12,627
Resource Recovery Fund Board Inc.'s Unearned Revenue from Container Deposits, Paint Levies and Tire Deposits	13,320	12,923
Other	60,005	42,016
Total Deferred Revenue	918,366	1,054,282

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5. Derivative Financial Instruments

The province is a party to financial instruments with off-balance sheet risk, either to hedge against the risks associated with fluctuations in foreign currency exchange rates or to manage risks associated with interest rate fluctuations. Foreign currency contracts are used to convert the liability for foreign currency borrowing and associated costs into Canadian dollars. Interest rate contracts are used to vary the amounts and periods for which interest rates on borrowing are fixed or floating. Foreign exchange contracts include swap agreements and options. Interest rate contracts include swap agreements and options on swaps.

The province's credit policy is that it only executes derivative transactions with well rated counter parties equal to or better than the Province.

The province has executed the following cross currency swap contracts and interest rate swap contracts/forward agreements to convert certain interest payments from a fixed to floating, from floating to fixed or fixed to fixed basis for the fiscal year ended March 31, 2009:

# of Swaps	Currency	Notional Principal	Term Remaining	Mark to Market*
		($thousands)	(years)	($millions)
108	CDN$	1,626,450	47 days to 22	(60.5)
25	US$	3,294,000	3 to 13	367.4
2	UK	83,250	2 and 10	(35.6)
1	Euro	50,000	1	9.8

*Mark to Market is an indication of the swap's market value as at March 31, 2009. This represents the estimated realizable gain (loss), and is equivalent to the present value of future savings (losses) based on market conditions as at March 31, 2009. The mark to market values of the currency swaps are reflected in the amounts shown under interest rate swaps.

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The province has executed several currency swaps to convert foreign denominated debt into Canadian denominated debt.

Termination Date	*Original Currency*	*Original Principal*	*Current Currency*	*Current Principal*
		($ thousands)		*($ thousands)*
SWAPS:				
October 28, 2011	UK£	23,250	CDN$	56,283
April 16, 2019	UK£	60,000	CDN$	114,387
February 27, 2012	US$	500,000	CDN$	795,000
July 27, 2013	US$	300,000	CDN$	299,850
March 15, 2016	US$	150,000	CDN$	205,725
January 26, 2017	US$	500,000	CDN$	586,500
February 1, 2019	US$	200,000	CDN$	198,000
July 1, 2019	US$	200,000	CDN$	199,900
November 15, 2019	US$	244,000	CDN$	246,318
March 1, 2020	US$	300,000	CDN$	409,200
May 1, 2021	US$	300,000	CDN$	312,002
April 1, 2022	US$	300,000	CDN$	379,517
July 30, 2022	US$	300,000	CDN$	329,310
February 24, 2010	Euro	50,000	CDN$	72,235

6. Federal Equalization Repayable Loan

The province received an equalization repayable loan from the federal government in March 2005 in the amount of $120.3 million. The loan bears no interest and is being repaid over 10 years, with bi-monthly deductions of $501,342 to commence in April 2006. As of March 31, 2009 the balance of the loan is $84,225,376 (2008 - $96,257,584).

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7. Pension, Retirement and Other Obligations

a) Description of Obligations

The province offers a variety of pension, other retirement, post-employment and special termination benefits. The province is responsible for adequately funding most of the plans. Except as otherwise noted, the cost of benefits are recognized in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the province to pay benefits occurs. The significant plans are detailed as follows:

Pension Benefit Plans

The province sponsors two funded pension plans, the Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP). Both plans are defined benefit plans with plan assets primarily composed of Canadian and foreign equities, government and corporate bonds, debentures, secured mortgages and real estate. The plans are jointly funded with contributions from employees being matched by the province. Benefits paid upon retirement are based on an employee's length of service, rate of pay and inflation adjustments.

On April 1, 2006, the Minister of Finance transferred responsibility for the governance of the Nova Scotia Teachers' Pension Fund to the Teachers' Pension Plan Trustee Inc., (TPPTI). The TPPTI is a body corporate comprised of nine board members – four nominated by the Novo Scotia Teachers' Union, four nominated by the province and one Chair agreed to by both parties. As a result of this transfer, the province and Union agreed to share all surpluses and deficits of the plan equally. The province accounts for one-half of all components of the accrued benefit liability associated with the plan in its financial statements. In addition, the province recognizes one-half of components associated with the net benefit expense (recovery) associated with this plan. As of March 31, 2009, the total accrued benefit liability associated with the plan was $87.0 million.

The province has several unfunded defined pension plans. The majority of these plans do not require contributions from employees. Benefits paid upon retirement are based on an employee's length of service, rate of pay and inflation adjustments.

Employees in the health sector are members of a multi-employer defined benefit pension plan. As the province does not sponsor this plan, the annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. The accrued benefit asset (liability) of this plan is not recognized in these financial statements. The most recent actuarial valuation was performed on July 1, 2008 and extrapolated to December 31, 2008 which indicated a funding deficit of $123.3 million.

Other Retirement Benefit Plans

The province sponsors two other retirement benefit plans: retirement allowances and retirement health plan benefits. These plans are not funded. Benefits paid upon retirement for retirement allowances are based on an employee's length of service and rate of pay. Retirement health plan benefits vary depending on the collective agreements negotiated with each group. The province pays 65 per cent and 100 per cent of the cost of retirement health plan benefits for the PSSP and TPP retirees respectively.

Post-Employment Benefits

The province offers two significant post-employment benefit plans: Self Insured Workers' Compensation and Long-Term Disability. The amount recorded in these financial statements represents the actual amount of benefits paid during the year plus the actuarial estimate of future payments, based on claims ongoing at year-end. For the Long-Term Disability plan, the obligation is offset by the market related value of plan assets.

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Special Termination Benefits
The province has offered early retirement incentive programs to members of the PSSP and TPP at various times commencing in 1986 and 1994 respectively. Qualified members were offered additional years of pensionable service if they elected to retire. The cost of these benefits was accrued in the year the employee accepted the early retirement option.

b) Summary of Activity in Defined Benefit Plans

Accrued Benefit Liability
($ thousands)

	2009	2008
Pension Benefit Plans	429,678	328,029
Other Benefit Plans	1,358,270	1,292,676
Total Accrued Benefit Liability	1,787,948	1,620,705

Activity During the Year
($ thousands)

	Pension Benefit Plans		Other Benefit Plans	
	2009	2008	2009	2008
Projected benefit obligation, beginning of year	7,272,447	6,902,796	1,393,104	1,195,923
Current benefit cost	190,405	179,383	64,070	60,145
Interest cost	501,456	476,633	68,830	66,138
Actuarial (gains) losses	17,466	107,178	(69,722)	117,769
Benefit payments	(413,016)	(402,337)	(81,275)	(79,251)
Other	6,254	8,794	(1,520)	324
Plan amendments	—	—	15,717	32,056
Projected benefit obligation, end of year	7,575,012	7,272,447	1,389,204	1,393,104
Market related value of plan assets, beginning of year	6,104,289	5,791,909	80,583	67,788
Expected return on plan assets	427,478	405,227	5,362	4,754
Actuarial gains (losses)	(318,999)	78,846	(3,755)	(18)
Benefit payments	(413,016)	(402,337)	(81,275)	(79,251)
Other	6,254	7,933	(397)	(713)
Employer contributions	131,975	121,714	81,470	77,640
Employee contributions	103,221	100,997	11,005	10,383
Market related value of plan assets, end of year	6,041,202	6,104,289	92,993	80,583
Funded status, end of year	(1,533,810)	(1,168,158)	(1,296,211)	(1,312,521)
Unamortized net actuarial (gains) losses	1,104,132	840,129	(46,098)	20,283
Valuation Allowance	—	—	(15,961)	(438)
Accrued benefit liability, end of year	(429,678)	(328,029)	(1,358,270)	(1,292,676)

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c) Actuarial Assumptions

The table below shows significant weighted-average assumptions used to measure pension and other benefit plan obligations.

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Long-term inflation rates	2.5%	2.5%	2.5%	2.5%
Expected real rate of return on plan assets	4.5%	4.5%	—	—
Rate of compensation increase	2.75% to 5.5% + merit	2.75% to 5.5% + merit	2.75% to 4.95% + merit	2.75% to 4.95% + merit
Discount Rate – Main plans	7.11%	7.11%	4.95%	4.95%
Other	—	—	6.35%	4.95% to 6.7%

Other assumptions used were:

6.5 per cent annual rate increase in the cost per person of covered healthcare benefits for 2009, decreasing at 0.25 per cent per annum to an ultimate rate of 4.5 per cent per annum.

11 per cent annual rate increase in the cost per person of covered prescription drugs for 2009, decreasing at 1 per cent per annum to an ultimate rate of 4.5 per cent per annum.

Actuarial assumptions are reviewed and assessed on a regular basis to ensure that the accounting assumptions take into account various changing conditions and reflect the province's best estimate of performance over the long-term.

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d) Other Disclosure

The net unamortized actuarial gains (losses) are amortized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee groups ranging from 5 years to 17 years (weighted-average EARSL is 13 years).

During the year, the weighted average actual rate of return on plan assets was (17.6 per cent) (2008 - (3.5) per cent). The total market value of plan assets is $6.5 billion (2008 - $8.1 billion) at March 31, 2009.

The most recent actuarial valuations performed for most of the benefit plans was at December 31, 2007 with the exception of certain other retirement benefit plans that were performed on March 31, 2006 and the post-employment benefit plans that are performed annually at March 31.

e) Net Benefit Plans Expense (Recovery)

The table below shows the components of the net benefit plans expense (recovery).

($ thousands)

	Pension Benefits		Other Benefits	
	2009	**2008**	**2009**	**2008**
Current benefit cost	190,405	179,383	64,070	60,145
Employee contributions	(103,743)	(101,522)	(11,025)	(10,387)
Employer contributions*	31,028	30,454	—	—
Plan amendments	—	—	15,717	32,056
Amortization of net actuarial (gains) losses	72,461	83,368	414	4,944
Recognition of actuarial losses on plan amendment	—	—	—	—
Other	18	81	2,152	1,227
Increase in valuation allowance	—	—	15,523	438
Interest cost	501,456	476,633	68,830	66,138
Expected return on plan assets	(427,478)	(405,227)	(5,362)	(4,754)
Employer contributions to multi-employer plan	73,438	67,425	—	—
Net benefit plans expense (recovery)	337,585	330,595	150,319	149,807

* This represents one-half of the employer contributions made by PNS to the TPP. Included in the figures above for 2009 and 2008, are one-half of all transactions associated with TPP to reflect the province's share of this plan.

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8. Trust Funds Under Administration

Trust fund assets administered by the province (before giving consideration to actuarial adjustments) are:

($ thousands)

	2009	2008
Public Service Superannuation Fund (1)	2,897,604	3,583,387
Nova Scotia Teachers' Pension Fund (4)	3,668,218	4,610,008
Sydney Steel Corporation Superannuation Plan (1), (2)	50	(692)
Nova Scotia Public Service Long Term Disability Plan (1), (4)	74,910	77,558
Nova Scotia Credit Union Deposit Insurance Corporation (1), (4)	16,438	16,973
Public Trustee (1)	40,416	40,557
Miscellaneous Trusts (3)	31,488	29,897
Total Trust Funds Under Administration	6,729,124	8,357,688

(1) See Public Accounts Volume 2 for full financial statements of these funds.
(2) Administration of the assets of Sydney Steel Corporation Superannuation Fund was assumed during fiscal 2001.
(3) Miscellaneous trusts include a large number of relatively small funds.
(4) These represent trusts with December 31 year ends. Trust asset balances at March 31 did not differ significantly.

9. Expenses by Object

($ thousands)

	2009	2008
Grant and Subsidies	3,056,512	2,821,554
Salaries and Employee Benefits	3,193,285	2,928,937
Operating Goods and Services	1,408,424	1,567,604
Professional Services	268,212	236,981
Amortization	280,384	267,360
Debt Servicing Costs	888,160	953,698
Other	73,292	57,478
Total Expenses by Object	9,168,269	8,833,612

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10. Debt Servicing Costs

($ thousands)

	2009	2008
CDN$ Denominated Debt	701,798	706,181
US$ Denominated Debt	—	74,810
Pension, Retirement and Other Obligations	137,447	132,790
Capital Leases	22,957	25,061
Other Debt	45,947	23,917
Premium / Discount Amortization	1,295	2,289
Foreign Exchange	(22,393)	(12,213)
Miscellaneous	1,109	863
Total Debt Servicing Costs	888,160	953,698

Debt servicing costs for Government Business Enterprises was $13.6 million for the year ended March 31, 2009 ($18.6 million for the year ended March 31, 2008).

11. Cash-Flow – Net Change in Other Items

($ thousands)

	2009	2008
Change in Receivables from Government Business Enterprises	(9,323)	4,638
Change in Receivables and Advances	253,643	(320,127)
Change in Accounts Payable and Other Short-term Borrowings	(482,590)	515,543
Change in Inventory for Resale	736	(504)
Change in Inventory of Supplies	(4,601)	(5,204)
Change in Prepaid Expenses	(4,640)	(9,013)
Change in Deferred Revenue	(135,916)	(90,999)
Change in Accrued Interest	17,313	(11,949)
Change in Pension, Retirement and Other Obligations	167,243	184,324
Total Net Change in Other Items	(198,135)	266,709

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12. Contingencies and Contractual Obligations

a) Contingent Liabilities

Environmental Sites
Various provincially owned sites throughout the province are considered environmental or contaminated sites. Studies are ongoing to assess the nature and extent of damage to develop remediation plans. Provisions for these costs are recorded in these financial statements when it is determined a liability exists and a reasonable estimate of the remediation costs can be made. With the exception of remediation costs noted in the following paragraphs, no further provisions have been recognized in these financial statements.

Engineering and environmental studies have generated estimates for the cost of remediation of the Sydney Steel Corporation (Sysco) and adjacent sites as well as the Sydney Tar Ponds site. As a result, the province recorded liabilities totaling $318.5 million in 2000 for environmental site clean up. At March 31, 2009, $179.0 million (2008 - $198.8 million [restated]) remains unspent. The provision will continue to be utilized for future decommissioning, demolition and remediation of Sysco's and adjacent sites, including the Sydney Tar Ponds site. Based on currently available information, the provision, in aggregate, appears to be sufficient to cover the estimated costs to remediate these sites.

Other remediation liabilities amounting to $12.5 million (2008 – $12.5 million) have been recognized in these financial statements.

Lawsuits
The province's losses for any lawsuits pending cannot be determined due to uncertainty of the trial outcomes.

Other Contingent Liabilities
The province also has contingent liabilities in the form of indemnities. The province's potential liability, if any, cannot be determined at this time

b) Contingent Gains

The Province of Nova Scotia may receive funds in the future from recoveries of various types of claims paid out and other agreements pending the occurrence of certain events. Recoveries are recorded in the year the contingent events occur.

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c) Contractual Obligations

Contractual Obligations

As at March 31, 2009, the province had contractual obligations as follows:

($ thousands)

Fiscal Year	Governmental Units	Government Business Enterprises	Total Contractual Obligations
2010	545,604	3,906	549,510
2011	647,657	2,608	650,265
2012	269,109	2,508	271,617
2013	253,212	2,183	255,395
2014	234,270	2,048	236,318
2015-2019	1,045,135	—	1,045,135
2020-2024	368,878	—	368,878
2025-2029	359,395	—	359,395
2030 & thereafter	459,079	—	459,079
	4,182,339	13,253	4,195,592

These contractual obligations are comprised of $3,875.5 million for the Consolidated Fund, $306.9 million for other Government Units and $13.2 million for Government Business Enterprises. Included are contractual obligations of $136.2 million by Nova Scotia Business Incorporated for projects approved under its various programs, $411.5 million by the Department of Education for university assistance, $326.6 million by the Department of Education for P3 School maintenance agreements, $1,041.7 million by the Department of Health for the management of the ground ambulance fleet, and $1,615.9 million by the Department of Health for service agreements with long-term care facilities.

In addition to the contractual obligations noted above, in 1992 the Department of Justice entered into a 20-year contract with the RCMP for policing services, including services paid by the municipalities under the Service Exchange Agreement. Costs are negotiated each year based on required policing services. The net estimated expense for the province for 2010 is $31.7 million.

As a result of the merger agreement between Dalhousie University (DAL) and the Technical University of Nova Scotia (TUNS) signed in 1996, the Province has committed to pay DAL $1.0 million a year in perpetuity for the provision of space and academic programs. This payment of $1.0 million a year is not included in the contractual obligation noted above.

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Leases
As at March 31, 2009, the province was contractually obligated under various operating leases. Future minimum annual lease payments are as follows:

($ thousands)

Fiscal Year	Governmental Units	Government Business Enterprises	Total Lease Payments
2010	53,531	9,257	62,788
2011	44,296	8,671	52,967
2012	34,432	7,803	42,235
2013	24,214	7,282	31,496
2014	17,452	7,215	24,667
2015-2019	28,214	—	28,214
2020-2024	4,302	—	4,302
2025-2029	506	—	506
2030 & thereafter	219	—	219
	207,166	40,228	247,394

13. Subsequent Events

Subsequent to the year-end, the Department of Health entered into service agreements with additional long-term care facilities amounting to $1,751.0 million over the next 25 years. In combination with the service agreements already signed at March 31, 2009, the Province has a total commitment to various long-term care facilities of $3,366.9 million over the next 25 years.

14. Comparative Figures

Certain of the prior year's numbers have been restated to conform to the presentation format adopted in the current year.

15. Related Party Transactions

Included in these consolidated financial statements are immaterial transactions with various provincial crown corporations, agencies, boards and commissions. Significant related party transactions have been offset and eliminated for purposes of consolidated reporting. Parties are deemed to be related to the Consolidated Fund due to common control or ownership by the Province of Nova Scotia.

The most significant unadjusted related party transactions are described in Schedule 6 – Government Business Enterprises.